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# Legislature of Ontario Debates

## Official Report (Hansard)

### Subcommittee of the Standing Committee on Resources Development

Annual Report, 1978, Workmen's Compensation Board



**Fourth Session, 31st Parliament**

Tuesday, June 17, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## SUBCOMMITTEE OF THE STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, JUNE 17, 1980

The subcommittee met at 7:37 p.m. in committee room No. 2.

### ANNUAL REPORT, 1978, WORKMEN'S COMPENSATION BOARD

(concluded)

**Mr. Chairman:** The meeting will come to order. Mr. Wildman is first on the list tonight.

**Mr. M. Davidson:** Are we going ahead without the minister?

**Mr. Chairman:** You fellows would be the first to complain if I did not get the meeting started on time; so we will start now.

**Mr. McClellan:** There is nobody else to complain.

**Mr. Chairman:** That is why you do it; I often wondered why.

**Hon. Mr. Alexander:** Mr. Chairman, if you will allow me, sir—and with the patience of Mr. Wildman—I think that one of the members at the last meeting made some reference to medical staff and their particular qualifications in terms of their duties. I thought it would be useful for members to have an up-to-date list of full-time staff and their qualifications, positions, universities from which they graduated, their degrees, years in practice and the years with the board. I know it is too early to ask questions but, if anybody wanted to ask questions subsequently, I think that would be in order.

**Mr. Chairman,** I will not say that I was concerned about the adjective that was used with respect to the medical staff but, in order to clear the record, with your permission, sir, I have a number of copies of this which perhaps you could have distributed.

**Mr. Chairman:** Thank you, Mr. Alexander. Now, Mr. Wildman, would you like to start off?

**Mr. Wildman:** Thank you, Mr. Chairman. I have a number of things I wanted to raise previously, and I will try to go through them quickly.

I want to start first with a letter that I received from brother Don McLean, president of Local 3933 of the United Steelworkers of

America. In it he raises some concerns about his small local and their dealings with the Workmen's Compensation Board, and he points out that 25 per cent of his time as president and full-time union representative is taken up with servicing his membership with regard to workmen's compensation.

In his letter he expresses some serious frustrations he has had in a number of areas. With your indulgence, Mr. Chairman, I would like to outline them and use his examples. He supplied me with copies of two sample letters he has written claiming expenses for employees who were required to travel to other centres for treatment. He points out that his letters have never been acknowledged, nor have the employees received reimbursement for those expenses.

7:40 p.m.

I have the letters here. I will not list the particular cases and the claim numbers, although I will be glad to give them to staff after the meeting. The point I want to make and emphasize is that I am not approaching this on the basis that I would like the board to resolve these particular cases—although I would certainly like the board to do that—but to point out that Don McLean is using these as examples of the kind of service and kind of response he is getting from the board as a union representative supporting his membership.

This letter, addressed to me, is dated May 23. One of the letters that he refers to, and to which he has not received a response, is dated March 19, 1980. In that letter he refers to a previous letter, dated October 10, 1979. He has attached another letter, dated March 18. In that letter he refers to a previous letter, dated November 15, 1979. In that letter he referred to a previous letter, dated September 18, 1979.

**Hon. Mr. Alexander:** Are you through, Mr. Wildman? I did not want to interrupt you, sir, because I know you have an extremely important point and I think that it should be pursued. I wonder if you want me to give my initial reaction to what you have indicated.



There can be no doubt about the fact that we are all concerned about any slowness with respect to replies. I know that when I sat where you sat I was always concerned about that type of attitude, but I always wanted to know why and what happened. There are a lot of reasons why these things can happen, such as the question of finding mislaid files. I am not trying to say those are the reasons there.

**Mr. Wildman:** I would suspect they probably are.

**Hon. Mr. Alexander:** I am not trying to hide anything from you. I would hope that you can find all of your files, sir, when you want them. I have never been that fortunate, but I hope the system will improve in the long run.

I just want to say to you that I am concerned about that sort of thing, in all fairness, as I think I have indicated to those who work with me when I have heard of this sort of thing. I have signed two or three letters myself and, after looking at them, I had to redraft them and say, "I am extremely sorry for the delay and I am extremely sorry for the fact that these letters have not been answered earlier than this."

There is nothing more frustrating than this delay. You mentioned days in the months of October, September, and November. We are now into the end of June. You have picked out at least four letters. I would think we would all agree that is the type of service we cannot accept, nor should it be acceptable. I want you to know, and I hope you will believe me, that I do not intend to come before this board trying to put one over on those who are legitimately here and who have legitimate questions.

You did not bring a case to us and I do not blame you. You said that is not what you wanted to do, but you just want to let us know that this is the type of thing that not only you face but also, I would suggest, all other members and a lot of other people face. I would hope it is not as severe as your isolated four or five letters indicate.

On the other hand, I would assure you that I have already given instructions that I want letters answered as quickly as possible. I want acknowledgements given, and in a lot of instances these letters come directly to me. I can only thank you, as a committee member, for bringing that to my attention as the chairman for the first time, and tell you I take your concerns extremely seriously. If you want to follow up later in a confidential way with respect to this particular case, I am sure that any of my associates would be

able to get to the bottom of it. I think you should, because if Mr. McLean hasn't had a reply yet, that is not very good as far as I am concerned. It is unacceptable.

**Mr. Wildman:** I appreciate what Mr. Alexander is saying, Mr. Chairman, and I am not certain whether Don McLean has received a response now. This letter was sent to me on May 23, when I thought the estimates were coming up; I contacted him and asked him if there were any matters he wished me to raise. He may have had a response on one or two cases since May 23.

I also acknowledge that on occasion I find I am answering a letter written to me some time in the past. I haven't been able to get around to it and I apologize for the delay when that happens. I do want to emphasize, though, that it is very seldom I am answering a letter in May that was written to me in November or October of the previous year.

I also want to emphasize that, when Don McLean raised this with me, he wasn't raising these cases as specific ones where he had had problems. He was raising them as examples of the problems he was facing as a union representative working for his membership in dealing with the Workmen's Compensation Board.

I would be glad to turn these particular cases over to you after the meeting.

**Hon. Mr. Alexander:** Yes. I think you would have to. I want to help, and I think the only way I can help is by getting those names and the claim numbers so that we can get on the job immediately to find out what happened and to send a proper form of reply which, I hope, will be acceptable. There must be a reason for it. But we can't deal in specifics because you haven't given us specifics.

I appreciate your candid approach to it. As an MLA or MPP, however you are referred to, you do have a problem with time because of the buildup. But you are saying that under ordinary circumstances you don't have one that goes back so far. We are interested in it and I am concerned about it. I know you will get in touch with us to give us the claim numbers—either to the executive director of claims or to Dr. McCracken, who deals with the medical end of it. You will get your answers, sir.

**Mr. Wildman:** I will ask one specific question. Perhaps some of your staff can answer in this regard. Does Local 3933 and its president, Don McLean, have a consultant who works with him on his queries with the board? If so, who is that individual?

**Hon. Mr. Alexander:** I would ask Mr. Bill Kerr, the executive director of claims.

**Mr. Wildman:** While he is looking that up, Mr. Chairman, perhaps I could raise one other concern that Don McLean mentioned to me. It is in regard to presilicotics and silicosis. What happens once silicosis has been established and the claim accepted? In Local 3933, certain members of the local have had silicosis claims accepted after some time. Don McLean makes the point that he finds the formula used by the board totally unfair. He states that no member should lose any earnings as a result of having been placed in a dust-free job on the surface after contracting silicosis or being classified as a code 5 silicotic. I couldn't agree more with that comment.

7:50 p.m.

Underground miners, as we all know, have to be tested on a year-to-year basis. In some cases they are informed that it would be better if they were not to work underground. If they choose not to work underground, they face a significant loss in income by taking a surface job. In Elliot Lake, we have dealt with this kind of problem. I submit it isn't just a problem in Elliot Lake; it is a problem in other mining communities. I am sure my colleague from Sudbury East would agree with me on that.

We should be looking at pay differentials and loss of income when an individual has worked at a job for a company, and through that employment has found himself in a situation where he is being advised that for the good of his health he should take another type of job and he faces a loss of income. Surely that is not his own fault. That is something the board should be looking at seriously.

**Hon. Mr. Alexander:** In the light of the specifics of your question, I have two gentlemen here who I am sure can be most helpful. I will call on Dr. McCracken first to give you the policy regarding his findings on silicosis and on what these findings are based. Then we will have Bill Kerr, who is executive director of claims, to follow that through.

**Dr. McCracken:** Mr. Chairman, Mr. Wildman, this question came up two or three sessions ago when, you might recollect, we had identified a problem. There was a specific case where a miner had been advised by his family physician to get out of risk, out of the dust. This was predicated upon an X-ray report communicated to his family

doctor by one of the doctors in the chest examining station.

**Mr. Wildman:** Excuse me. Could I correct the record? I raised that case, and it wasn't his family physician. It was a Ministry of Health physician who was taking the X-ray who advised him to get out of his underground work.

**Dr. McCracken:** Yes. But, by and large, all those reports go to the family physician. In any event, he was so advised. On the basis of this advice he did tell his supervisor and as a result of that he was taken out of risk. In that particular instance, there was no alternative of work and he was sitting around doing nothing. The question came up as to what would happen about his lost wages.

In that particular instance, on the chest advisory committee's reviewing his X-rays and on a review of the X-rays by the chest consultant of the board, Dr. Stewart, it was determined that in that particular case the man did not have silicosis. I think you will recollect this. This indeed left a very sticky wicket. It was discussed subsequently by Mr. Paul Falkowski and Dr. Rodney May at a meeting at which I was present.

The question was who should pay for this. The compensation board could not pay, because the man did not have a claim since he did not have silicosis. The Ministry of Labour did not have funds to pay for his loss of wages, and the Ministry of Health had the responsibility for operating the miner examining stations and they did not have funds.

To overcome this problem, I discussed the matter with Dr. May at the Ministry of Labour and with the doctors in the chest examining stations, both through Dr. Stewart and directly myself. We told the doctors who operated the stations that, in circumstances where they have an X-ray which they feel is questionable and might well be interpreted as a case of silicosis, before they advised the patient or sent a letter to his family doctor, to communicate their findings to a central committee and to the compensation board in order that we may review the findings and the X-rays and have the appropriate evaluation carried out. In the meantime, the worker should continue without interruption of his work, because the amount of time that is involved in continuing at his work will mean absolutely nothing as it relates to further risk. By doing this, there will be no interruption to the man's work and no loss of wages. If the decision is made that he does have silicosis, then we can take the



appropriate action. He will have a claim established and there will be no discontinuance of his wages. This has worked out very well since that date. This has been in effect for the past three years now.

If you have specific cases where this has not been carried out, I would ask that, after the meeting, you let me know the identification of the cases so we can look into the matter. We have a very clear and succinct understanding with the examination stations, with the Ministry of Health and with the occupational health and safety division on this matter.

**Mr. Wildman:** I want to ask a couple of questions in relation to that. I know my colleague the member for Sudbury East (Mr. Martel) has some supplementary questions he would like to ask.

It seems to me—and maybe I am being too cynical about this—that in that case you had a doctor who was examining the X-rays and he identified what is sometimes called dust effects. That doctor said: "This man had better be closely watched. He had better have his X-rays taken regularly and have some close analysis of them, because if he does not now have silicosis he may be on the way to contracting what would be called silicosis."

So he advised the man to file a workmen's compensation claim and not to go back underground. The purpose of asking him to file a workmen's compensation claim was, I suppose, so that his X-rays would be taken regularly and he would be watched. Then the board and the people concerned with his health—and I do not say the board was not concerned with his health—would ensure that action would be taken if this man did have serious lung problems, such as silicosis, that might be diagnosed at some time. Frankly, I thought that was a very responsible attitude by the Ministry of Health doctor.

But what seems to have happened now is that you ran into a problem. The guy said: "Okay, fine. I do not want to go back underground. I do not want to get silicosis. The doctor has told me I may be at risk, but I do not want to lose income either." Since he was not silicotic, as far as the board was concerned, the board could not pay and nobody else could pay. You decided you could not have this happening, so you went to the Ministry of Health doctors. Maybe I am being too unfair about this, but I do not think so. You said to the doctors: "You cannot tell men to do this, because then they are going to demand

income-loss differentials which we cannot pay. Instead of doing this, you had better send your findings to the board so they can analyse them and determine whether the individual is silicotic. If he is silicotic, fine. If there is a claim filed, we can deal with that. But if he is not silicotic, then we will not run into this problem any more."

My question is, where does that leave the guy who is not silicotic, or who is what is sometimes called presilicotic? You are telling me that guy can go back underground and continue working at the job that has got him into the situation where he now has dust effects, and he should continue working until some future date at which time he might become silicotic; then he could file a claim and get compensation. To me, that is a pretty cynical way of dealing with underground miners.

Forgive me; if you can correct my impression of it I would be glad to hear your explanation.

8 p.m.

**Dr. McCracken:** Mr. Chairman, first of all, the reason for filing a claim is not so that the man can get placed under surveillance. That is going on all the time anyway if he has a mining certificate. If he starts to show early subtle X-ray changes, the surveillance program is stepped up.

The reason for filing a claim is to make a determination as to whether, from a clinical or medical standpoint, he has silicosis. If he does have silicosis, then his claim is processed; and if it meets the criteria, it is accepted and is handled from there on in.

Code-4 silicosis is the X-ray terminology for presilicosis which we discussed at one of the previous meetings here in the last several weeks. Code-4 silicotics are under the monitoring program, as you can appreciate. They are not turned loose and nothing further done by way of follow-up until something terrible happens. That is not the case at all.

The other thing is that if a miner is identified as being a presilicotic—code 4—then he potentially becomes a candidate for the special vocational rehabilitation assistance program, which we have also discussed previously. If that miner is in a mine where the Ministry of Labour readings indicate he is still at risk to silica dust, then he will qualify to go into the special program.

**Mr. Wildman:** Do you mean the special program in terms of differential?



**Dr. McCracken:** Yes, that is correct: replacement differential, loss of wages, retraining, whatever.

**Mr. Wildman:** Basically Elliot Lake.

**Dr. McCracken:** The same as Elliot Lake; that is correct. The Elliot Lake program is a combination of a program to identify the presilicotic as well as the silicotic plus the factor of the radon gas exposure. The other mining operations address themselves to exposure to silica dust—those cases that have been diagnosed as being silicosis, or as being code-4 presilicotic X-ray changes.

In the case you cite, that individual would not be left to drift; rather, he would become a member on the list to be interviewed by the vocational rehabilitation division and by Dr. Stewart of my division. The question would be put to him: "What do you want to do? You qualify. If you want to come out of mining, then we will take a look at what alternatives there might be to carry out your vocational rehabilitation and where you might be placed. It's to be hoped your employer will be able to place you in a nonrisk situation. If not, we will take a look at what the other alternatives are."

**Mr. Wildman:** Does this apply to a guy who is 55 or 60 years old and close to retirement?

**Dr. McCracken:** I do not know about 55, but if you are looking at a miner who is 60 or 61 years of age, and if we have a report from the Ministry of Labour indicating that the silica dust levels are way down, then you have to make a judgement decision. This fellow has quite a vested interest in his employment, as you can appreciate, because of his pension and so forth.

This is the role that John Wisocky and his people in vocational rehabilitation must play. They have to make a judgement decision as to whether to recommend that person should drop everything he has achieved. We would be taking him out of his mining for the next three years until he retired, with the argument that this might make the difference between him developing a full-blown case of silicosis or remaining with some subtle X-ray changes that may or may not be silicosis.

Each case must be handled on an individual basis. We are trying to look at the whole man, and we are trying to give him the best advice we possibly can, not only so far as the possible medical condition is concerned, but also as it relates to the whole socio-economic impact on that man. We want to do the best we can for him. So each case is individually assessed.

**Mr. Wildman:** Can I ask specifically whether the Algoma ore mine at Wawa is one of those mines in which the Ministry of Labour feels silica levels are such that individuals should be eligible for the special program?

**Dr. McCracken:** I'm afraid I can't answer that question because I don't have that data with me, but I can get that information and pass it on.

**Mr. Wildman:** Just one other thing before I yield to my colleague. I have a couple of other questions on another matter which I would like to ask.

If an individual is 60 years old and has worked in underground mining off and on or full-time since the 1930s, even if he is in a mine that fits the criteria for the special program, as you just said yourself, the socio-economic factors would pressure the situation so that you are basically saying to the miner, "Look, you have a pretty good pension coming to you if you stick it out underground for the next three, four or five years." At the same time, his company could be saying to him: "We could give you a gate job. You could work the gate, but it is going to mean an awful lot less money and it is going to mean less per hour in contributions to your pension."

I don't see how you can say you are responding to the needs of that man by saying to him, "You've got that kind of choice: either a significant drop in income or staying underground at risk to your health." I know your argument is perhaps that the next four or five years will not make much difference in terms of his lungs.

I know of a couple of cases in my experience where fellows have finally been classed as silicotic. One fellow is 75 years old and he has been classed as silicotic now, 10 years after coming out of the mine, and he has a pension. He said to me and, quite frankly, I don't know how to answer him: "I didn't get silicosis last June. I've been out of the mine for 10 years. How come I'm only getting my pension from last June?" That is a pretty good question.

It seems to me that you should be doing more for those fellows who have worked underground a long time and who have the opportunity of taking a light-duty job or a surface job where they are not going to be at such great risk. They are obviously too old or have been underground too long to be viable candidates for your rehabilitation program, even if they are in a mine that qualifies under the criteria. I wish you would look at

that very seriously. I know my colleague has some questions along the same line.

**Dr. McCracken:** Mr. Chairman, if I might answer Mr. Wildman: First of all, in the case that you mention, or the hypothetical case, whichever it might be, if a man had more than five or six years to go and the dust levels in the mine in which he was employed were considered to be a risk environment, if he was showing signs to indicate that he was presilicotic, and if the vocational rehabilitation division were able to determine that there was alternative employment for him, I am sure the recommendation to that man would be: "We think you should get out of underground, and we think you should take the alternative job. We think there is no question whatsoever that we will pay your wage differential, and we'll take a look at whether we can further retrain you." I am sure that would be the answer to that particular question.

**Mr. Wildman:** If he is in a mine that qualified?

**Dr. McCracken:** Yes, that's correct; there's no question about it in my mind.

In the case you cite of the miner who finally develops radiological silicosis after he has been out of risk for 10 years, I guess that merely points out that we do not know what we are hoping to accomplish by the special vocational rehabilitation assistance program, because that is a prime example of an individual whose disease will progress after he comes out of risk. As I said the other night, even if we can identify one person in whom we think we have been able to prevent progression of the disease, the whole program is worth it.

**Mr. Wildman:** I will close off by saying that the individual to whom I referred, who has now had a claim accepted for silicosis after some years of retirement, does not believe his disease progressed after he came out from underground. He believes he had silicosis before he came out of that mine.

8:10 p.m.

**Hon. Mr. Alexander:** Mr. Wildman raised this subject and, in answer, I think the doctor indicated there was a special vocational rehabilitation program, which comes under the jurisdiction of Mr. John Wisocky. Mr. Martel, if you would like to hear what he has to say and ask further questions, perhaps Mr. Wisocky could elaborate a bit.

**Mr. Martel:** I want to deal with some medical aspects of the problem.

**Mr. Chairman:** This is supplementary?

**Mr. Martel:** Yes. It runs right into the silicotic thing and deals with medical aspects, but it ends up at rehabilitation.

**Hon. Mr. Alexander:** If that is the case, if you don't mind, Mr. Martel, we could bring in Mr. Wisocky and then you would have the first crack at both of them. You would be able to take the medical instance first and then get down into the other aspect.

**Mr. Martel:** Come on, John.

**Hon. Mr. Alexander:** Then Mr. Wildman could come back.

**Mr. M. Davidson:** You haven't just been sitting there waiting for us to call upon you.

**Mr. Martel:** We're just dying to get at you, John.

I want to know what you do with an employee—let me cite a strange case. A man left the mining field in 1970, having spent 15 years in Elliot Lake. He then returned some six years later, got on with Rio Algom and worked for a number of days. They took his chest X-ray and found that he had incipient silicosis, and he did not get his mining certificate back. The worker was not able to obtain benefits.

In 1977, they did a further assessment; it went to the chest advisory people and they confirmed he had incipient silicosis. They established a claim for medical benefits only, but nothing for the worker. Two years later, in 1979, they said, "Yes, he has silicosis," and from that day forward he qualified for a disability.

It was decided that he does not have a disability in 1976, 1977 and 1978, but he was denied the right to work underground. By 1977 they said it is incipient silicosis.

I happen to have appealed this man's case in 1977 for another problem; I threw that in on top and was advised—I'm glad John Wisocky is here—that rehab should get involved. They did not, apparently. They classified the man as not disabled. He lost his right to work; he lost his income related to it. What do you do with him? Certainly he was disabled to some degree. He could not perform the work he was doing previously. He could not get a mining certificate. He could not return underground. Rehab did not get involved, because it was only incipient silicosis. They said he had been out for six years; so he was not working in that period when you made all your rules and regulations.

What do you do with the man? Medically, he had to be disabled to some degree because he could not go back. You might say he was not disabled physically, but there

was a disability. I don't know what you do with a man like that. Let's deal with the medical aspect first; we will get to John Wisocky in a minute.

**Dr. McCracken:** In this case, first of all, the reason the man did not have his mining certificate is that he obviously got out of mining and went into some other type of work. Presumably he was working in this other work until he decided to go back into mining. When he attempted to go back into mining, he went to the examining station, had an X-ray, he had some changes in his lungs and they refused to issue him a mining certificate.

From a medical standpoint, that man did not have silicosis, because that obviously was not diagnosed at that time.

**Mr. Martel:** Incipient silicosis; that was from the head of the chest X-ray clinic up there.

**Dr. McCracken:** I'm trying to remember his name.

**Mr. Martel:** It doesn't matter.

**Dr. McCracken:** Incipient silicosis is a term that, so far as we are concerned, we had made it pretty clear they should not use, because for obvious reasons it is not incipient silicosis. It represents an X-ray finding only; it's not a medical diagnosis or a clinical finding, nothing like that at all. It is strictly an X-ray observation that there are subtle changes in the X-ray which might be compatible with a person in the early presilicotic stages of developing silicosis. That's listed as a code 4.

From a medical standpoint, that individual (1) did not have silicosis at that time, (2) did not have a medical impairment, and (3) if he had a disability, the disability had to be related to a socio-economic disability by virtue of the fact that the Ministry of Health would not issue him a miner certificate.

This is a problem that occurs from time to time. There is no question about that, Mr. Martel, as you are well aware. The question is, how do you deal with this? As a matter of fact, I asked this question on at least one occasion of Dr. May when he was in charge of the occupational health and safety division of the Ministry of Labour. I said this is a problem because, under the Workmen's Compensation Act, we can't do anything for this man since (1) he doesn't have a compensable diagnosis and (2) therefore he does not have a claim that we can pay medical compensation payments. There is nothing like this whatsoever.

There is absolutely nothing the medical branch can do. There is nothing that Mr. Kerr's claims services division can do. There is nothing Mr. Wisocky's vocational rehabilitation services can do. Yet, as you point out, the man does not get his miner certificate back and therefore he can't go back to work in the mine. What is his alternative? It is to go back to whatever work he was doing before, I suppose.

That's about as far as I can go on it.

**Mr. Martel:** Let me carry it a step further. By 1977, they diagnosed that he had silicosis but not enough for disability. He had silicosis, but he didn't have a disability. I find it strange that, if he has silicosis, they will accept a claim only for medical aid, and this goes on. In 1978, they did another chest X-ray. In 1979, they finally said: "Aha! He is now 10 per cent disabled." For three years, he was in limbo.

At what stage do you start? If he is accepted for medical assistance, is he accepted for rehabilitation? It is now accepted that he is silicotic, but he hasn't been offered rehabilitation or any type of assistance. He got nothing from the board in the form of a pension, because they said he still didn't have any disability. He was silicotic but he was not disabled, and he couldn't work. I have difficulty in my own mind trying to understand, if somebody has silicosis, how people can say he has no disability.

Finally, in 1979, they gave him a small pension. They didn't go back to 1977 when it was diagnosed as silicosis for certain. They didn't go back to 1976. Although item six of the award which we won said that rehab should get involved, to my knowledge he was offered a part-time job only. Again, I am lost as to what we do even once he has been determined as being silicotic. Is there no disability, Dr. McCracken, if a man is diagnosed as being silicotic?

**Dr. McCracken:** Not necessarily, Mr. Martel. I guess a comparable situation probably would be the case of a person who is an impending arthritic. At one stage of the disease, he has various aches and pains in various joints and feels terrible, and he has a problem completing his day's work. X-ray examination is negative. All the other tests are negative. The best anyone can do is say this might represent an early stage of rheumatoid arthritis.

Over the course of time, the patient progresses to the point where a diagnosis can be made, but that individual still does not



have a physical impairment that can be identified. That individual may then progress to a point where he does have a physical impairment, where he will have joints that are destroyed, where he has limited ability to stand and walk and function so that it's similar to silicosis.

8:20 p.m.

With silicosis, the vast majority of individuals will never develop silicosis. Some individuals will develop subtle X-ray changes and never progress beyond that. Some individuals will reach the point where a diagnosis is made that they do have silicosis on X-ray examination but they have no impairment of their pulmonary function testing; they have no clinical impairment in their ability to carry out work. There are other individuals who progress beyond that, where they do have impairment of their pulmonary function. They do have disability. They do have pensions.

What can vocational rehabilitation do? Well, John Wisocky can tell you that. It is predicated upon (1) whether the person has an acceptable claim under the act and (2) whether that individual has a pensionable impairment.

Mr. Martel: If he has identified silicosis, he falls in between the stools if he hasn't got enough. We don't assist him but the adjudication at the appeal was to assist him. If he falls between the stools—let's forget that we had already taken this one to appeal on another case—what do you do with the worker, who is disabled? There has to be a board policy. You might say: "Well, he now fits into a program."

We appealed that case this morning up north. I'm not sure we will win. It was a horrible thing, because I need that medical adviser that the Minister of Labour is going to put in place one of these days so that I can go to talk to him about these sorts of things.

I want to tell you we didn't represent that man well today, despite the fact we tried. We simply don't know enough. I didn't even know what the hell to ask for. I didn't know whether to ask for a pension back to 1976, back to 1978, or back to 1979. I went full hog and asked for the whole bundle. The man retrained himself, and I asked for the whole bundle of the 10 months he was out in 1977. If you are going to ask, ask for a lot; you might get a little.

But I didn't represent him well. I wasn't qualified to do that. He falls between the stools and we don't have anything in place to pick him up. I think you have indicated that,

Dr. McCracken. We don't have anything for that type of individual. Your colleague talks about the same sort of thing. I think it's something the board must do—by the time we chat with you again next year. We are going to be back regardless of what the Premier does.

Dr. McCracken: I was thinking of the term "chat."

Mr. Martel: We will be back. It is very friendly here this year. As I recall your first trip here, Dr. McCracken, I didn't know who you were. We exchanged some heated words over industrial deafness at that time, and a great report came out within the last couple of weeks on industrial deafness.

Mr. Wildman: One question that relates to that—maybe it's a claims question that you can't answer—is that it seems to me that when someone first files a claim for silicosis, the X-rays are analysed. They say: "Well, no, he doesn't have silicosis. There is dust effect." Every year after that they keep on analysing his X-rays, and eventually they come to the point of saying, "This man now has a compensable disability." It's from the date of the X-ray, I understand, that he gets the pension.

Mr. Martel: If he doesn't have any disability, they don't give him the pension.

Mr. Wildman: No, no. When they have come to the point of view of saying, "This man has a compensable disability," it's from the date they took the X-ray that led them to that conclusion that he gets the pension.

Mr. Martel: No.

Mr. Wildman: It isn't?

Mr. Martel: When they determine that he's suffering a degree of disability.

Mr. Wildman: That's right.

Mr. Martel: He can go two or three years with silicosis and he is not disabled.

Mr. Wildman: That's exactly what I am saying. What I am asking is if, as you say, only a minority eventually contract silicosis and to a degree that it is compensable, if you can see that progression yourself, why on earth not go the whole hog and give it back to the time when he first claimed? For heaven's sake, it is the same disease that has progressed.

Hon. Mr. Alexander: Mr. Kerr, I notice your name was brought into the picture. Could you assist our friend Mr. Wildman in this regard? We are in the claims services area.

Mr. Kerr: Yes, I think I can assist from a claims point of view. In the claims services

division we take the date on which the diagnosis of disability as a result of silicosis was made. However, we do have leeway. If we can obtain medical evidence, information or reports that indicate the disability existed prior to that date, then we will backdate the compensation payments. But normally, it goes from the date on which we are first advised. We have a report of the diagnosis of silicosis with disability. I guess, as Mr. Martel says, that would be the minimum of 10 per cent.

There are some cases, and I can't recall them offhand, where medical information has been on file that enabled us to go back beyond that particular date.

**Mr. Wildman:** I have two old guys in Wawa who come to me regularly, every time I go to Wawa, and say: "Will you please tell me what happened on July 19, 1979, that I suddenly got silicosis? I have been telling them for years before that I had it. Suddenly on that date I got it and I got compensation. What on earth did I do? How much silica dust did I consume that particular day to produce silicosis?"

**Mr. Kerr:** I am afraid I can't answer your question since I am not a medical person. From a claims point of view, I have to repeat that we will commence compensation on the date on which we have medical evidence that confirms the gentleman does have silicosis with disability. That is the direct answer to your question. Whether it is good or bad, that's it.

**Mr. Martel:** But that is what is wrong in the case I cite. In 1977, it was established he had silicosis. His X-rays, by the way, from 1978 to 1979 showed there was very little change. They showed the significant change was from 1976 to 1978, but the pension was established in 1979. What magic started it then? Of course, that is one of the things we are faced with today. The X-rays to 1978 showed a major change, but it was only in 1979, a year later, after the doctor said there was only a little change. Was the little change what pushed it over the edge?

**Dr. McCracken:** Mr. Martel, the only way I could respond to that without knowing the details of the specific claim is that these cases are monitored by the chest examining stations. The serial X-rays are sent down to Toronto. Dr. Vingilis examines the X-rays. Dr. Roos carries out pulmonary function studies when they bring the patients down here.

The chest advisory committee to the board, made up of members of the industrial chest clinic, Ministry of Labour, and independent

respirologists and epidemiologists—one is Dr. Muir at McMaster University in Hamilton—meet on a regular basis and they review all the X-rays up to the last X-ray taken. They make a decision as to the status of that particular case at that particular time, and they funnel that report to the attention of Mr. Kerr's people and to the attention of Dr. Stewart of my staff.

**Mr. Martel:** I am intrigued by all the good doctors you name, because when we take a case and we try to assist the worker, we don't have anyone to consult with in order to assist the claimant. I think that is an unfair system. I expressed my concern last year to the minister; I express my concern again now. I don't know who we are supposed to approach to try to get good medical advice as to whether there is a claim and something is amiss.

All of us here appeal these cases, but we don't give the worker the expertise he needs in many of these complicated areas. We just don't have the ability. How the hell do I go up against Dr. Muir? Why are you going to believe me and not Dr. Muir or any other doctor you have at your disposal? Really, the dice are loaded.

8:30 p.m.

I am not saying the board is trying to do it that way, but surely somewhere along the line we have to establish a place where we can draw on the expertise of people to determine whether we should appeal. I am sure there are cases where we shouldn't, because the medical evidence doesn't warrant it. There is no way of establishing benefits. How are we, as laymen, supposed to do it?

The more I think of that particular aspect of the whole appeal system and what goes on, the more frustrated I become, because none of us can give it the necessary expertise.

**Mr. Wildman:** Mr. Chairman, we have sort of pre-empted John Wisocky.

**Mr. Martel:** John, don't go away. But I want to tell the minister that something has to be done in that area. I am not saying the board is doing anything crooked. I am not making any accusations at all.

**Hon. Mr. Alexander:** I think your concern is adequately registered, Mr. Martel. I don't mean to slough everything off on to Professor Weiler, but I am sure he is aware of the situation. If he is not aware of it, I think it should be brought to his attention.

**Hon. Mr. Elgie:** He is specifically aware of it. It was this idea I threw out to you about a year and half ago, as you will recall. I particularly asked Professor Weiler to look

at that aspect. I don't think it would have changed this case.

The issue in this case you are talking about is whether employment restriction is a disability—that is really the issue here—and 10,000 physicians couldn't have answered that. The point was, the worker couldn't get a miner's certificate to go underground to work in a mine.

**Mr. Martel:** So what we are leading up to is that there has to be a policy, a decision by the board as to what they do in that sort of instance for the worker.

**Hon. Mr. Elgie:** In this case, he left the industry and then came back to it.

**Mr. Martel:** He had all the effects from his exposure in Elliot Lake and the various gold mines he worked in. He didn't get to the point he was at by working in Woolco.

**Hon. Mr. Elgie:** You are assuming one has the right to be mobile and move from job to job, if one is restricted from the job one is best trained for. That is what you are saying.

**Mr. Wildman:** Surely the board already recognizes that in the Elliot Lake case where differential is paid; the board already recognizes disability in the sense of impairment in terms of being able to go back underground.

**Mr. Martel:** This is why we want John Wisocky.

**Mr. Chairman:** Mr. Martel, I believe Mr. Johnson has a supplementary. Do you, Mr. Johnson?

**Mr. J. Johnson:** Not a supplementary. Let him finish and then I will ask.

**Mr. Martel:** I would ask Mr. Wisocky what the board's policy is with respect to someone whose condition is just diagnosed as incipient silicosis. Does the board not have responsibility because the worker left for five or six years?

**Mr. Wisocky:** We have a special program, and I'm sure you know its criteria. This is a case that seems to fall between the cracks. I was going to ask you earlier to identify the case so we can look at the details. Right now we are sort of guessing back and forth, trying to figure out what is going on.

All I can say is, if a man is in hazardous exposure or employment at the moment and medically qualifies for the program, we put him on the program. We explain the facts of life to the man, and he makes the choice.

**Mr. Wildman:** Even if he is 61 years old?

**Mr. Wisocky:** Even 61. It doesn't matter.

**Mr. Martel:** The man who falls between the stools is the guy who comes back.

**Mr. Wisocky:** I personally would like to look at it, but since it is in appeals—

**Mr. Martel:** You might have it as another level of appeal. Having spent seven or eight hours on Sunday trying to figure out what was going on, if we don't make it at the first crack we will be back again. But you might look at it after the decision.

**Mr. Wisocky:** If you give me the number, I will be happy to.

**Mr. Wildman:** Do you think it is a fair choice, to say to a 61-year-old or 62-year-old man: "Look, you have got a choice. We can rehabilitate you or attempt to give you vocational rehabilitation, or you can continue underground from now until your retirement"? Aren't you just saying to the guy, "If you think you are too old to be trying a new job, after working 34 years underground, your only other avenue is to remain underground even though you have already been advised by your physician that you are at risk"? Do you think that is a fair choice? Maybe it is not fair for me to ask you that question.

**Mr. Wisocky:** It is a tough choice, but the best we can do in that situation, as in many other things in life, is to explain fully to the individual all the options, what we can or cannot do, and leave it up to the individual to make the best choice or decision on his or her own. If the decision is to remain with the company, then that is one decision. If the decision is that they want to leave exposed employment and go elsewhere, that is another decision. We will react to the decision, but I agree with you that it is a tough choice.

If a person has seniority and so forth, he has to weigh things, the same way as I have to weigh the situation if I have to buy a new car. For example, how much money do I have; what kind of car do I want; what if I get fired?

**Mr. Wildman:** A better analogy is choosing between buying a car whose front end is shot and walking. You may not get where you want to go by walking, but we are willing to tell you to walk. The only other choice is to drive where you are going with a car where the front end is shot and you may risk death.

**Mr. Wisocky:** Maybe it was a poor example, but it is a situation I am facing now. I agree with you that it is a tough choice.



**Mr. Wildman:** Mr. Chairman, I would like some direction. I have a couple of other questions that don't relate directly to this. One of them deals with vocational rehabilitation and the other one deals with claims. I don't want to maintain all of the time, but I would like to ask these two questions.

**Mr. Chairman:** Do you want to get back on later after we are through with this particular point? Have you any further supplementaries?

**Mr. J. Johnson:** I would like to ask one question. Apparently someone requested this information.

**Mr. Chairman:** Mr. Alexander gave it to us tonight.

**Hon. Mr. Alexander:** I don't think anybody has requested it. I thought it was as a result of the statement that was made—and the member has now left the committee room—as to the effect and generalization.

**Mr. Wildman:** He has gone back to the House. There is something being debated up there. He may be back.

**Hon. Mr. Alexander:** He indicated in very general terms about the board having quacks. I thought it was necessary to get the information, having indicated I could accept the preamble he had moved prior to the question being asked. I know these reports are periodically given for the benefit of members. I felt it best that we have an up-to-date report. Therefore, it was my suggestion to my colleagues that we compile a list of those medical officers who were with the board so that the members would be in a position to know them, even if they were not in a position to ask questions this evening about their capabilities or their competence or their training or their years with the board. That is why it is here:

**Mr. Kerr:** Mr. Chairman, may I respond to Mr. Wildman's question?

**Mr. Wildman:** Mr. Chairman, I have two more questions. One deals with vocational rehabilitation and the other deals with claims. I am willing to yield the floor if I can get back on.

**Mr. Chairman:** I understand, but Mr. Johnson is very short-lived. We will let you finish up and then go on to Mr. McClellan.

**Mr. Wildman:** That's fine with me.

**Mr. Kerr:** Mr. Chairman, Mr. Wildman asked if Mr. Don McLean of United Steelworkers Local 3933 had contact with one of our counselling specialists. The answer is no. We have a number of contacts with steelworkers in his part of the country, but Mr.

Don McLean has not established contact with us. As a result of our discussion, we will contact Mr. Bob Didiuk, who is the counselling specialist handling the inquiries from the steelworkers in that area. Perhaps Mr. Wildman would like to mention to Mr. Don McLean that as a result of this meeting we will be establishing contact with him through Mr. Bob Didiuk, if that meets with his approval.

**Mr. Wildman:** I know Mr. Didiuk, and I appreciate that.

**Mr. Chairman:** Mr. Johnson, would you like to ask further questions?

**Mr. J. Johnson:** I would like to continue for just a few minutes, Mr. Chairman. I asked who had requested the list of doctors. I am not sure if anyone has made any comment, but I would like to suggest that we have quite a diversified group of doctors. They seem to cover a wide range of medical fields and are well qualified to look after the areas they cover. It seems to me there is something like 54 doctors and they have degrees from universities around the country. I think from their training, their qualifications and their years of experience, they are well qualified to represent the board. I would like to compliment the doctors for their service.

8:40 p.m.

Having said that, I would like to suggest that there seems to be, maybe not a lack of communication, but a sense of fear—perhaps that is the right word—when injured workers have to appear in front of the board, in front of some of these doctors; they have a sense of foreboding that possibly things are going to go badly.

Fortunately I represent a riding that hasn't too many workmen's compensation claims, and I can't speak from experience as some of my other colleagues can, but I do sense from a few people on occasion that they do have this sense. I am not sure what it is, but it is there and it is not intentional. There is no way that either the board or the doctors would convey this feeling in any way, but for some reason the injured workers do feel this.

This is one area you should address. Possibly there is something amiss in the setup of the Workmen's Compensation Board when this feeling is there. Maybe I am wrong but, as I say, I do sense it. They seem to feel there is a lack of conveying their concern, whether they are being construed as people who really don't deserve anything, or maybe



it is just the fact that when you go to a doctor your heart starts to beat faster.

**Hon. Mr. Alexander:** Like mine did this morning, sir.

**Mr. J. Johnson:** Yes. Do you know what I am trying to say, Mr. Alexander?

**Hon. Mr. Alexander:** Yes. I think you are talking about attitude, sir, and there is no question about it. I don't want to be personal, but I had to attend a doctor this morning and I had a sense of foreboding. I think we all undergo that feeling of fear, something is going to happen, the bad news is going to be eventually put on our plate. But, on the other hand, the doctor can put you at ease.

I have never been to an appeal; so I can't answer your question in terms of the atmosphere or the climate which existed at that time. But after having listened to you, and I know that Dr. McCracken is paying rapt attention, if there is that problem, and I am not saying there is, I think you are suggesting there is a certain amount of apprehension when injured workers come before the experts.

**Mr. Martel:** It is more than that.

**Hon. Mr. Alexander:** More than apprehension; fear.

**Mr. Markel:** It is more than that. They sense that the doctor is working for the board and, no matter how the board tries, they have the feeling that the doctor is paid by the board, so it is that doctor's obligation to get them off the compensation roll. I see Dr. McCracken shaking his head.

**Hon. Mr. Alexander:** You are going further than—

**Mr. J. Johnson:** Elie, let's go back one step. We will forget about the board. Just to go in front of any doctor—say Dr. Elgie, when he was practising; and I am sure he could dispense this theory—before most doctors or dentists there is the same feeling, apprehension, and people have a further concern.

All I am wondering is whether there is some mechanism whereby we could set up some intermediate area that maybe could sort it out to help these people relax before they have to go in and see the doctor to obtain a diagnosis that could influence their case.

**Mr. Martel:** But that is not the fear they have. Well, they might have; I should not say that.

**Hon. Mr. Alexander:** They have two fears—

**Mr. Martel:** They have a second fear, that the doctor at the board, who is paid by the board, his job is to say they are ready to go back to work. They feel that the board doctor's interest lies with the board. I do not know how one overcomes that.

**Hon. Mr. Alexander:** That is a pretty difficult question to answer. One can only say—I think you would agree with me, Mr. Martel, and I think you can help us in this respect—that is not a fact; it is not the truth that their interests are within the board and the board solely. You could say that, if you wanted to generalize, about any one of us who sit on the board. But I am sure your experience—

**Mr. Martel:** That is what they think.

**Hon. Mr. Alexander:** Yes, I heard what you said—that is what they think. But in all fairness we have to educate those who use the services of the board that we are there for a purpose—to give the best, to get the best—in order that we can make a judgement decision on a very serious matter.

I do not know how you can convince people that this is a fact, but I think we can help. I have to try to help them. I have to try to share with you my concern in the very first instance. I do not know how we ever get over the very fact that you have to go to a medical doctor or to a dentist, as the case may be, and initially you have that fear.

**Mr. Martel** said it goes beyond that. I do not know how we can handle yours. I think you are giving some indication of what your clients think and believe. But I would hope that in fairness to the board you would say no. You may have an individual who may step over the bounds, and we would want to know who that individual is. But I would think, in all fairness, we could point out that the board has its mandate, and there is no way we want to be charged or stamped with any evidence whatsoever, that we are biased, that we discriminate or that we are there to save money.

I would hope you would share that with me. I think we, as individuals who are involved at the board, have to get back to those people who do not know anything about the board or the act itself until such time as they have to take advantage of the services spelled out.

**Mr. Martel:** I would hope you would read the report I tabled the other night. I discussed this in my opening remarks. It is

just 20 cases, but their attitude about the board is not what any of us want.

**Mr. Wildman:** It is pretty hard to convince a man who is claiming for silicosis that the board doctors are on his side, when you go through the problems that we just raised in regard to the full question of presilicosis.

**Mr. Chairman:** Are you finished?

**Mr. J. Johnson:** No, I am not. I would like to just pursue it a bit. I do not mean to imply that there is any problem with the board. I am simply saying I think there is a concern with the people who have to appear before the board—not all of them, but some of them. Is there any mechanism or counselling service, or any other way, whereby before they appear before the doctor they are given some type of guidance on how they should approach the doctor and how they should present their case? It is only normal that the people who are not used to going to doctors have a sense of concern, especially when they are injured or are concerned about their future.

**Hon. Mr. Alexander:** Is the worker's adviser any assistance to us here now?

**Mr. J. Johnson:** Yes. Something between the actual visit with the doctor and when they first make their presentation.

**Hon. Mr. Alexander:** I will talk it over with Dr. McCracken. I can see your problem, sir. I do not know how it is ever to be answered, because I would like to know the answer myself. How do you make a person feel safe, sound and secure without any apprehension or fear?

**Mr. J. Johnson:** A pretty nurse.

8:50 p.m.

**Hon. Mr. Alexander:** Oh, I have no experience with that, sir.

I do not know how you get to it, but I will talk it over with Dr. McCracken. I do not know what the step would be. I know that we have the worker's adviser in there. I do not know to what extent he is even qualified. I think you are talking about a psychologist, somebody who would be able to reach out and make a person feel at home and comfortable.

**Mr. J. Johnson:** That is exactly what I am asking: to make them feel at home before they have to go in and face their ordeal.

**Hon. Mr. Alexander:** I certainly have your message.

**Mr. Martel:** There is one point, though, Mr. Chairman, because the minister just raised it.

The other night I spoke to the point of examinations by doctors, particularly for pensions. In my area most of them are low-back cases, and they swear up and down that when they go before that doctor from the board who is going to assess them for a pension—

**Hon. Mr. Elgie:** Up in Sudbury?

**Mr. Martel:** Up in Sudbury—that the doctor will tell them to stand on their toes, bend over and you have a 10 per cent disability. My God, I am not talking about one or two workers. I can bring you hundreds who tell me exactly that. I think I said the other night, surely when a doctor examines a man, if he only has to do that to assess his rate of pension, there has to be a better way. He has to sit down and talk to the man.

If he has to spend an extra day in Sudbury because he is going to talk to a man for half an hour or an hour to tell him what he was looking for, to indicate what the problem is, surely he should spend that time. But these workers say: "That's all he did. He never even laid a hand on me. I got down to my shorts, I bent over, I stood on my toes, I walked across the room—10 per cent disability." That is of little comfort to an uneducated individual who does not know what in hell is wrong with him. It is just callous.

**Hon. Mr. Alexander:** I think you are getting involved with the examination that is required before the doctor can make an assessment, and perhaps Dr. McCracken can help. I certainly cannot help you in that area, but there must be some criteria set and there must be some procedures laid down to guide a doctor who is examining for low-back injury. What does Dr. McCracken expect or what is usual and what is customary in the profession with respect to this type of examination? I cannot answer that.

**Mr. J. Johnson:** There is just one thing I'd like to say, for what it is worth. I think we have an excellent medical staff, but I feel that it might be beneficial if we had a few counsellors who could give some advice and guidance to the people before they have their medicals.

**Hon. Mr. Alexander:** I assure you, sir, I will discuss it with Dr. McCracken and other members of the board to see whether there is an answer that is reasonable and acceptable. It is a problem. There is no question that every person who goes before a doctor, whether it is before a board or whether on one's own volition, could have that fear. Just who is qualified to make

him or her feel comfortable when the person knows his or her future would depend on the diagnosis and the action taken by the doctor, I don't know. It is a problem, but I will discuss it with Dr. McCracken to see whether there is a possibility of something.

Hon. Mr. Elgie: There was one other point that was raised by a couple of members that is in line with this, if I may. You mentioned to me once when I was in Sudbury that the examinations took place in a hotel with people lined up on chairs outside.

Mr. Wildman: That's right.

Hon. Mr. Elgie: I would suggest to Dr. McCracken that anything that can be done to make it a more personal and dignified occasion would bring it more in line with what Jack talked about. It would remove some of the fear and the anger that is generated by being in that sort of circumstance.

Mr. M. Davidson: I wanted to comment on this, Mr. Chairman. Mr. McClellan has to go up to the House to speak; so if he can get on—

Mr. Chairman: Mr. Wildman was not through, I believe. Will you yield to your colleague?

Mr. Wildman: I will yield to Mr. McClellan as long as you keep me in mind, keeping in mind the one or two things I did for you last summer.

Mr. Chairman: I won't make any remarks on that, Mr. Wildman, but I will keep you in mind.

Mr. McClellan: Mr. Chairman, I would like to ask some questions of Mr. Wisocky, and of the minister and the chairman of the Workmen's Compensation Board, about the vocational rehabilitation services division's work. Perhaps Mr. Wisocky could come forward.

Mr. Wisocky was kind enough to prepare a set of statistics for us which show the work of the vocational rehabilitation services division for each of the years between 1974 and 1979.

I have tried to have a discussion in previous years about what I would call the disappearing injured workers, but I have not had a complete set of statistics until this year. Maybe Mr. Wisocky can help me to understand this.

I am not critical of the work that Mr. Wisocky's division has done, at least with respect to my own case load. I have had excellent co-operation and good results from referrals I have made to the vocational rehabilitation services division. But the diffi-

culty remains that, as far as I am concerned, it is a token operation. It is a token rehabilitation service and a token job-finding service, and the statistics tell the story.

I hope the minister has one of these sheets in front of him. If not, I think it would be useful if he could be given one. They really do tell the story.

In 1970, there were 29,000 referrals to the vocational rehabilitation services division. In addition to those 29,000 injured workers, there were 5,636 cases carried over from the previous year. Then we ask ourselves: "What is happening to these guys? How many of them are getting back to work?" I am not sure anybody has the answer to that.

We know the Workmen's Compensation Board's vocational rehabilitation services division has placed 859 injured workers in jobs. We know they have put almost 2,000 injured workers in training programs. They say that another 3,000 workers were rehabilitated. That leaves approximately 30,000 injured workers who have gone into the vocational rehabilitation services division unaccounted for, as far as I am concerned.

I think the board is making an assumption that all these injured workers are going back to their previous employment. First, I don't think that is true. Secondly, I don't think the board has the slightest idea of what is happening to these injured workers.

I am suspicious of the figure of 3,175 injured workers who were rehabilitated. I don't know what that means, and perhaps Mr. Wisocky could talk a little bit about that. I would like to know how many of these 3,175 workers went back to their old employment without any loss of pay and how many were left with some kind of a disability and had to go to some other employment. I would also like to know what happened to them, and what was the follow-up, what was their fate once they had been rehabilitated.

I think we know what is happening to a relatively minuscule number, out of the total of almost 35,000. I think we know what is happening to about 3,000 of them. The rest are the disappearing workers.

We have made some progress this year in getting the raw data, at least in terms of the numbers being served. This is the first time we have been able to get that data.

Parenthetically, I might say to the chairman of the WCB that the kind of briefing material we received from the board is still totally inadequate. I commend to his attention the briefing book provided by the Ministry of Community and Social Services, which was developed at the insistence of Mr. Mar-



tel when he was the social development critic for our caucus. At least it gives you a real statistical picture of what the ministry is trying to do and of what their programs are about.

9 p.m.

This kind of Stalinist catechism reminded me of the Baltimore catechism I studied. Can the Workmen's Compensation Board fine doctors for not keeping adequate medical records? No, the WCB cannot fine doctors for not keeping adequate medical records and on and on. It is just silly stuff.

We want detailed, hard data on who is being served and what happens to them. I don't think that is beyond the capacity of any government agency to provide to a committee for estimates.

Hon. Mr. Alexander: What was the name of the agency that you praised?

Mr. McClellan: The Ministry of Community and Social Services' program and resource summary. It is still a model for briefing books.

Hon. Mr. Alexander: We will look at it.

Mr. McClellan: That was said in parenthesis, while I still had it on my mind.

Hon. Mr. Alexander: It is a good point.

Mr. McClellan: Back to the question: what happens to the 35,000, or, to be precise, the 34,636 injured workers who come to the vocational rehabilitation division?

Mr. Wildman: The non-persons.

Mr. Wisocky: The questions were expected, Mr. McClellan. Whenever one hands out any figures, there are always questions. I will be most happy to explain the figures. I have a much more detailed breakdown of the various figures, and we can go over the whole thing.

Historically, we have collected statistics not only for vocational rehabilitation, but also for many other areas. With time, you change them over to fit the particular needs or circumstances. This has happened in our situation, for which we want more meaningful statistics. By the same token, we have collected data on a consistent basis, so you can compare previous years with current years.

Specifically, the figure 34,636 represents the number of activities, and I have tried, in my scribbled, handwritten notes, to give you an idea of what that encompasses. It is still fairly accurate.

I don't mind explaining every figure, but the one you—

Mr. McClellan: What I am interested in—just to speed up the discussion—is the bottom line of any rehabilitation operation, and that

is the number of guys or gals who were placed back in jobs. That is the bottom line.

Mr. Wisocky: Right. This is what we have done, and this is why we have reformulated the statistics. If you look at the statistics, you see that in 1979 the total number of referrals for field service was 5,224. Those are the bottom-line cases you talk about.

These are the people who have physical limitations that preclude their return to their pre-accident jobs. These are the people who were referred for vocational rehabilitation assistance for the primary purpose of job placement.

Besides that, there was an active case load at year-end, of the 5,636 to whom you referred. In theory, during 1979 we handled close to 12,000 rehabilitation cases.

Mr. McClellan: I am sorry, what was the first figure?

Mr. Wisocky: Five thousand two hundred and twenty-four, and the next figure is 5,636. In theory, we handled about 12,000 of the bottom-line field cases you are talking about and have talked about for several years. Of that number, we did rehabilitate 3,175.

In our definition of "rehabilitated," we have three categories. I have a breakdown here. In the first category is the rehabilitated employee, meaning one going back to work. For this we have a further breakdown: under the heading "accident victim's former employer," there may be "former work," "modified work" or "new work," and, similarly under the heading "new employers," there is "former work," "modified work" and "new work." The second category is "self-employed." The third category is "financial sufficiency achieved."

This last is a situation—and I explained this the other night to Mr. Wildman—in which the individual has made a decision, "I have worked for 34 years. I could work another two years. I think I can get a good company pension. I can get some other benefits. What else can I get, because I have no interest in going back to work?" We make sure the person gets all the benefits to which he or she may be entitled, so that he or she can live properly, if I may use that term.

In terms of the specific breakdown of the figure 3,175, in 1979 we returned 950 injured employees to their pre-accident employers. This requires a little note of explanation. By the time we get the case, it is fairly clear there is no job with the pre-accident employer, but because of the intervention of counsellors, we are successful in

getting some people back with the pre-accident employer. This is one of the areas we have identified as requiring a lot more work by the counsellors. This is happening. Maybe it gets to the point that Mr. Davidson raised the other night which I will get to later.

If that is not possible then we do gear it to new employment. In that area we returned 1,883 injured workers to new employment.

Mr. McClellan: With the accident employer?

Mr. Wisocky: No, these are new firms. So if you combined those two figures you get 2,833. There were 77 cases where they went into self-employment. It could be something in the home or a business of some sort. I don't have the details here. There were 265 in the financial sufficiency achieved category. If we add those figures it comes out to 3,175.

Mr. McClellan: Do you want to give me the self-employment and the financial sufficiency figures again?

Mr. Wisocky: Self-employment, 77; 265 for the financial sufficiency achieved.

Mr. McClellan: Right. So, the grand total is?

Mr. Wisocky: A grand total of 3,175 compared to 2,787 in 1978.

Mr. McClellan: What happens to the other 8,000?

Mr. Wisocky: At any given time only about 30 per cent, and this is the best estimate I have at the present time without computer facilities which we are looking for, of injured workers who are actively involved with our counsellors are job ready. You are talking of roughly 1,800 to 2,400 injured workers in Ontario at any given time who are job ready. This is why maybe the emphasis is on counsellors getting these people back to work. I don't want the emphasis on injured workers. They have enough problems. So the weight is on the counsellors' side and it is realistic and it is fair, in our opinion. As I say, most counsellors are responding very well and the board and I are pretty proud of their efforts.

When we go to the area of jobs found and utilized, this is where you find an injured employee is given a choice of jobs. It is not simply finding a job and slotting a person into the job, which gets into the situation Mr. Davidson alluded to the other night and that is not rehabilitation. If that happened, that person would be back on our doorstep tomorrow, because the man

understands that if there is any future problem we are there to assist him again. That is true.

Mr. Martel: In Sudbury they give the worker a list of names drawn out of the local newspaper. The guy might be illiterate, partially illiterate, or with a little bit of education. They hand him a list and they say to him, "Go and see these employers." So help me God, that is not rehabilitation. I don't like to jump in but you know I have had too many such cases, and you and I have spoken about it before, where that is still done. I find that offensive because that is not rehabilitation.

I think the field worker has to go with the worker to see an employer, to see if you can enter some sort of contract or a variety of them. But too frequently in Sudbury it is just a matter of handing them a list and saying, "These jobs were listed; you go and talk to the employer and if you can talk him into it come back and see us and we will arrange an appropriate type of agreement." That, I want to tell you, is unacceptable and it is still occurring. I don't know if that is going to occur any longer with your new man up there but I sure hope it doesn't.

Mr. Wisocky: I accept what you say, I hope it is not happening, but in some cases it will happen. It depends on the individual rehabilitation plan that you set up. Mr. Martel, the definition of rehabilitation is to get a person back on his or her feet. Sometimes a person has to face the reality of the world where maybe he feels, with the counsellor, that it would be good to go out and search for work. There could be a situation where the counsellor in the odd case, it is not the rule, will say, "Well, here are a few jobs. Why don't you try it?" simply for the purpose of seeing what the man can or cannot do. But if that does not work then certainly we step in.

Mr. Martel: John, that is not the way it is working, I am sorry.

Mr. McClellan: I have another problem. I preface my remarks by saying I have had good service from the vocational rehab division. I don't know how many cases I have sent over, I have lost count. It is probably upwards of 40 or 50 cases at this point and you probably know better than I.

Mr. Wisocky: I don't keep a record of cases.

9.10 p.m.

Mr. McClellan: Each and every one of those injured workers I have sent over to

your vocational rehab division who has been helped was a guy who had been dropped by the workmen's compensation system for a variety of reasons. They had been in the H and RC or they had been on temporary total disability at some point and they had been dropped like a rock. I have a constituency office and they come to me for help. But the reality is that the board is not picking these injured workers up while they are still on claims or while they are still in the H and RC; it is picking them up as a result of a variety of pressures from me as an MPP, and probably from a union rep.

I don't see the kind of fail-safe mechanism operating anywhere within the board that guarantees to an injured worker vocational rehab service. I think once they are into the division and there are pressures being applied they can get the service. I know how successful that can be and I can give you testimonials of 30 or 40 guys who have had their lives put back together again by the service.

But my problem remains. You have 35,000 people and you are getting referrals of five and five, if I am not mistaken. You are getting referrals of about 11 and we don't know what is happening to the others except that I know what happens when they come to my constituency office after they have been dropped.

**Mr. Wisocky:** I wonder if you can do me a favour. Can you convince your colleague Mr. Martel to do the same thing? The only way I can find out your problems is if you refer them to me.

**Mr. Martel:** But the problem is that we shouldn't have to do this. There shouldn't be a policy where you send out an injured worker who has been out of work for a year, or a year and a half, or two years, who has limited education, no skills, a back problem usually, coming out of the mines. You send him off to try to discuss a job. My God, that is not rehabilitation in any sense of the imagination as I understand rehabilitation.

**Mr. Wisocky:** Yes, but we do have a pretty good system where we work closely with claim services and medical services and any other area of the board where they know, they have criteria as to how to identify a case that should be considered for vocational rehab assistance and the cases are, in fact, referred. There may be odd cases that are missed for various reasons, but they are usually picked up later. As I

say, we are working on a computer system which may resolve the matter.

**Mr. Martel:** Let me just say to Mr. Wisocky before he becomes defensive, I am not being critical of the type of service we have received from John Wisocky and from his staff reps in Sudbury. We had a little bit of a problem that got resolved. But I say it is a policy up there to do this, and that policy is wrong in my opinion. If I refer someone to you or your staff I get first-rate assistance for that individual. But that is not what we are talking about. We are talking about what rehab does on its own at the outset. If a worker who has no skills, is unsure of himself and has been on compensation a long time, is simply sent out on his own hook to look for a job, that is inviting a "no" response.

**Mr. Wisocky:** I accept that.

**Mr. McClellan:** We got back to the H and RC and they are discharging—I mean I have done so many damned appeals on this point—they are discharging injured workers who are given a discharge diagnosis of "fit for modified work" and there is no automatic referral, as far as I can see, to vocational rehab division for the full rehabilitation service. There just isn't. They are just out the door and on the street. They can fend for themselves. That is a problem your chairman has to address in terms of the structure of the Workmen's Compensation Board. Their rehabilitation has to be seen as a basic component of the system and not as a small token service.

**Hon. Mr. Alexander:** You don't want it as an adjunct, you want it as a basic component.

**Mr. McClellan:** That is right, and every single injured worker who has a significant disability should be assessed with respect to his need for the rehabilitation service. It should be something that is available as a matter of right, as part of the insurance program, to every single injured worker in this province.

You and I and everybody in this room knows that John Wisocky, with the present operation, is not able to meet that need so it is a hit-and-miss kind of operation. If a guy or woman is lucky enough to make the kind of contact and get the right kind of referral, he or she gets the service, and if they're not, they don't. The vast majority of injured workers do not get the service.

**Hon. Mr. Alexander:** Perhaps Mr. Kerr could elaborate on that. I will tell you one thing, Mr. Chairman, I am so very happy to be here because it is through this kind of



input that I am able to determine just what is wrong.

Mr. McClellan: If this was the first time I had said it I would feel a little better, but I have said it for five years in a row.

Hon. Mr. Alexander: I am trying to be open and honest with you. That is the way I said I would come to the board. I find this very interesting and gratifying to the effect that you have put your finger on a problem, saying, "Mr. Chairman, this should be a main component of the functions of the board vis-à-vis the injured worker," whereas you believe it is not at this particular time.

Mr. McClellan: I know it is not.

Mr. Van Horne: May I interject, Mr. Chairman, and ask why you are in such a benevolent mood?

Hon. Mr. Alexander: I have not finished yet, sir. If I may just finish and then I will certainly see you through with the Chairman.

I intend to meet with Mr. Wisocky—although I have met him on a number of occasions up until now—but in terms of going to him and the officials who work with him in order to see how his department functions. You have given me some clues as to how you think it functions, and when I sit with Mr. Wisocky and with those who work with him we will elaborate on the questions and problems you have brought to my attention.

Mr. Martel sort of whispered an aside and he said, "Perhaps it is a question of money." This is something that we have not explored—

Mr. McClellan: Of course it is a question of money.

Hon. Mr. Alexander: —but I will, because you have pointed out the problem.

Mr. Chairman: Mr. Van Horne had a supplementary on that point.

Mr. McClellan: Let me just pursue it a bit. You know how easy I am normally, but I have to be up in the House to speak in just a few minutes and I wanted to touch quickly on two more points, if I may.

Mr. Van Horne: Mr. Chairman, the fact that I arrived a little late does not detract from the fact that it is 9:17 and we do not have very much time left. I would simply ask if I could put this question to our new chairman.

Mr. Chairman: But it was a supplementary?

Mr. Van Horne: If it is not, you can rule, Mr. Chairman. It is simply this: Do you have any views on the decentralization process as it would seem to be coming into the London and Sudbury areas in so far as it relates to this theme that Mr. McClellan was pursuing?

Hon. Mr. Alexander: Yes, I certainly have views on it.

Hon. Mr. Elgie: You got Ross all upset here. He is pouring water over the table.

Mr. Van Horne: I am delighted. If he could just hit the fellow in front of him it would be a success.

Hon. Mr. Alexander: I am glad you asked the question. I think you have answered it for yourself. You have asked me whether I have any views on decentralization then you start speaking about Sudbury and London. I am sure, sir, with your experience and involvement with the board you know that this has been accepted as a proper step in the proper direction.

What I am saying is, with this having been set in, in terms of decentralization, and it being a pilot project as I understand it, there will be much to learn in order to see how further we can progress with decentralization as it is now envisaged. If you ask me what my opinion is with respect to that, I would say I welcome it and hope in due time—the earlier the better—we will have the benefit of the experience that is apparently being gathered at this time.

Mr. Van Horne: Mr. Chairman, if I may pursue it—

Mr. McClellan: Mr. Chairman, if I could get the floor—

Mr. Chairman: Mr. McClellan did ask to try to finish before he goes into the House. So if we could bring you on next, Mr. Van Horne, would that be satisfactory?

Mr. McClellan: I have been waiting here since 7:30 and had only 20 minutes.

Mr. Chairman: I understand there is only a short time.

Mr. McClellan: The second question I want to raise is the question of job creation. I have had some discussion with staff of the board about the British Remploy model and I know there is interest, at least at the staff level. Remploy Limited is a crown corporation which is operated in Great Britain and provides employment for disabled workers through a series of manufacturing enterprises.

9:20 p.m.

To save time, I will send the minister a speech that I made this afternoon to the Provincial Secretary for Social Development (Mrs. Birch) on the International Year for Disabled Persons. She indicated that officials in the Ministry of Labour were looking at the Remploy model. That may be a surprise to the Minister of Labour.

I would like to know whether any serious study is taking place of the Remploy model and whether it is the intention of this government to take the opportunity of International Year for Disabled Persons to do something serious about job creation for injured workers and to establish through a crown corporation a number of manufacturing enterprises that could provide secure, stable and decent-paying jobs for the physically handicapped and injured workers.

**Hon. Mr. Elgie:** All I can say is that I know of the Remploy system. Dr. May mentioned it to me. He had some experience of it in England when he was there. We haven't gone into it other than to know of it. A group presented a brief—I think it was the advisory committee—to me on the issue and indicated that we would at least explore it to see whether or not the government wished to look into it.

**Mr. McClellan:** But there haven't been officials travelling to Britain?

**Hon. Mr. Elgie:** Not within the Ministry of Labour. There may have been within the compensation board, I don't know.

**Mr. Wisocky:** Mr. Chairman, if I could add a point here, it just happens that at the moment we are involved in a vocational seminar involving many international companies. One of the chaps in attendance is the general manager of Remploy. I have spent a good day and a half almost with the gentleman, going over the whole system as well as systems throughout the world. It is not a surprise, but there seems to be no consensus as to what is the best approach in any country, whether it be this type of sheltered employment or job placement or a quota system.

That is good information but, definitely, as you say and as the past chairman mentioned the first evening, we are looking at certain specialized services that may be of assistance to injured workers. We are deeply involved in this study. As well, the inter-ministerial team on rehabilitation services, which includes the Ministry of Labour, the Ministry of Community and Social Services, et cetera, is addressing the matter of sheltered workshops. It is hoped there will be something coming up. It is not the first time it has been studied. There seems to be a need in the area but what it is we do not know.

**Mr. McClellan:** With respect to the minister, it speaks to the confusion within this government on services to the physically handicapped. The Provincial Secretary for

Social Development, who is supposed to be the cabinet minister co-ordinating programs at the new ministerial level, tells me this afternoon that the Ministry of Labour and officials from the compensation board had visited Great Britain and studied the Remploy program, yet that turns out to be as fictitious as things that the Minister of Education told me at the previous estimates session.

Sooner or later we are going to have to clean out all of this nonsense and put all of the programs that are serving the physically handicapped into this ministry and end all of this bickering and empire-building across ministerial lines because it just perpetuates the inequity. That is just an aside. I hope you will pursue the crown corporation route.

I hope there is at least one consensus in this province and in this room, namely, that the kind of sheltered workshops that prevail in this province which pay minimum wages are no damned good as a model and that what we need is a system of manufacturing enterprises that can accommodate those who are unable to compete in the private sector and that pays them a decent living wage, not minimum wage or even below minimum wage, since they are exempt.

The third issue I just want to touch on briefly is the question of the relationship between the claims division and vocational rehab. From my own case load, it happens not infrequently that I will have made a referral to vocational rehab. The injured worker will be on a rehab program and will be progressing through the program, then all of a sudden, out of the blue, whammo, he is hit by the claims department and cut off.

It has happened enough times that I just think there is a real problem there. I do not understand how it can possibly happen except that I know that it does. We are able to get it back on the rails because the first thing that happens is the injured worker comes back to my office and I phone and the thing is straightened out. If it is happening, there is obviously a lack of co-ordination with respect to the rehabilitation program within claims.

I do not know whether the solution is to give vocational rehab some decision-making authority over continuity of benefits when somebody is on a rehab program or not. Those who are skilled in administration can address that problem, but there has to be some fail-safe mechanism so that somebody who is progressing through a rehab program is not all of a sudden cut off.

**Mr. Wisocky:** It is hoped that it is not happening too often and it is not happening at all, because we have worked very hard between claims adjudicators and rehabilitation counsellors to ensure that there is good continuity of services and co-ordination of efforts. As in odd cases identified from time to time, we do learn from that example.

**Mr. McClellan:** How can it happen? Is it not necessary for there to be some kind of an input from the rehab division before somebody is cut off by claims? Does rehab have any kind of authority over claims decisions when the injured worker is on a rehab program?

**Mr. Wisocky:** As you know, under section 41(1)(b) and 42(5), if the case is referred to the vocational rehabilitation division it is on the basis that the man is co-operating and available for a medical or vocational rehabilitation program. As long as he is, benefits are continued by the claims services division, and as long as the man is co-operating, the counsellor notifies the adjudicator that benefits are to continue. Claims services, and Mr. Kerr may want to speak on this, do have a different mandate in terms of how to determine continuing entitlement and quantum of awards. There are different factors that they take into consideration but, generally speaking, if a person is active with the vocational rehab division benefits generally continue.

**Hon. Mr. Alexander:** From what I understand, Mr. Chairman, there is that spirit of co-operation and climate that should exist whereby there is co-ordination. I think we have had an opportunity of hearing Mr. Wisocky and perhaps Mr. Kerr, with my friend's consent, would elaborate on the function he plays in bringing about that co-ordination and co-operation that I know does exist.

**Mr. Kerr:** Mr. Chairman, the claims adjudicators and the vocational rehabilitation counsellors do work closely together. As Mr. Wisocky has already stated, the vocational rehabilitation division has established criteria guidelines for the referral of cases, which does take place as he indicated.

You mentioned that people are discharged from the hospital rehabilitation centre without going through the rehabilitation services division. This is not the way the program works. When a person is discharged at the hospital and rehabilitation centre, and they are ready for modified employment, not going back to their former employment but are

ready for modified employment, they are seen not only by the medical people but by our claims staff there and by the vocational rehabilitation staff.

**Mr. McClellan:** What happens to them?

**Mr. Kerr:** Coming to cases you have seen where claims have stopped payment when a man is in a rehabilitation program, first of all, if he is in a retraining program or an assessment program, his benefits are paid under section 53 of the act which has nothing to do with the claims services division. Those funds are controlled by the vocational rehabilitation staff, which is proper, because they are the ones who put the man in training and they control the money to be paid to him.

The only situation where claims become involved when a man is in a rehabilitation program is when he is temporarily partially disabled, under section 41(1)(b) of the act, where we are paying him full compensation as though he were still temporarily or totally disabled. In that situation, before we reduce his compensation from full to partial compensation, there is consultation with the rehabilitation counsellor.

The reason we can reduce the man's compensation under those circumstances is twofold: (1) if his doctor says he is now fit to return to his former employment, or (2) if he does not meet the requirements of the act and he is not continuing to co-operate with the rehabilitation people. If there are cases that fall outside of those, they are in error.

9:30 p.m.

I am personally not aware of too many that have happened but certainly it is not intended that it should. Our two staffs are working closely together. The name of the game is to try to help the injured person get back to work within a reasonable period of time. We view with concern anything that happens along that line, Mr. McClellan, and we will check with our staff to ferret out examples of that and see that it does not happen, if at all possible.

**Mr. Lupusella:** Mr. Chairman, on the same line, I would like to raise a supplementary question that is related to the rehabilitation hospital of the Workmen's Compensation Board. It appears that there are injured workers being dismissed by the rehabilitation hospital who are cut off without any particular return notice being sent to the injured workman going through the process, and their cases are coming to my office. It seems the injured worker is dismissed by the reha-



bilitation hospital with the option that he is able to perform light duty, and then there is discontinued communication.

I do not know where the problem lies. Either it is caused by the rehabilitation hospital or by the rehabilitation department or the claims department. I really do not know where the problem is. It appears that either doctors at the rehabilitation hospital or social workers have been advising injured workmen that they are fit to perform light duty and then they are dismissed from the hospital. There is no return communication forthcoming, or coming from the rehabilitation department at 2 Bloor Street.

The great problem is that the injured workman does not know what to do. There is no particular direction in writing as to where he has to go, or what he has to do to comply with section 41 of the Workmen's Compensation Board Act. There is also delay, as a result of that, in relation to payments. I would like to have an explanation about this particular situation. I hope, Mr. Chairman, to the Minister of Labour, that some mechanism will be installed to make sure that the person, when he leaves the rehabilitation hospital of the Workmen's Compensation Board, cannot be cut off until return communication is sent to the injured workman to find out whether or not he wants to co-operate with the rehabilitation department. It is a serious problem and many injured workmen come into my office with this particular situation. I would like to see a mechanism in place, since most of the time injured workmen do not receive communication about what they have to do.

**Hon. Mr. Alexander:** I think your question is really directed to Mr. Kerr when it comes to the cutting off of claims and the absence of notice prior thereto. I would hope that is not the case. I am reading section 41(b) and, of course, it is very explicit in what has to happen in terms of the co-operation that has to exist between rehabilitation and claims. Your question is that once he is dismissed there is no communication to that injured worker that would give him the advice that would place him within the ambit of that section 41(b). Therefore, he is just dismissed and that is the end of it, whereas, there is an onus on someone to see to it that he is aware of section 41(b), the criteria that must be set in terms of seeing that he meets it. Your concern is about the fact that perhaps he does not know what to do. I am sure Mr. Kerr must have had this brought to his attention before. Perhaps he has an answer in that regard.

**Mr. Lupusella:** With great respect, it seems the role played by the board is ambivalent, especially when dealing with ethnic people going to the rehabilitation hospital. They don't know if they are talking to a doctor or to a social worker up there. The only option they have is to co-operate with the rehabilitation hospital and to go and look for a light job, period.

A verbal statement is made by officials of the rehabilitation hospital. My particular concern is that I would like to see the concrete mechanism of a written answer received by the injured workman with advice about what he has to do to comply with the particular section of the Workmen's Compensation Act in order that his payments won't be cut off.

There is no sense in raising questions about where the responsibility lies. I would like to see a mechanism implemented in which everything is in writing. The injured workman has to receive a concrete statement, from whatever source we are talking about.

**Hon. Mr. Alexander:** Referring to section 41(1)(6).

**Mr. Lupusella:** Yes, he has to receive some written communication. When you get in touch with the claims department, the answer you get is, "He was advised at the rehabilitation hospital that he is fit for a light job." There is no written communication about that. It may be a verbal statement made, as I stated before, by a social worker, a doctor or a psychiatrist—I really don't know—but payments in the meantime are either cut off or completely discontinued and nobody knows the reason why.

**Hon. Mr. Alexander:** Mr. Kerr, could you help out in this matter?

**Mr. Kerr:** I would be happy to help out on this subject because obviously there is a bit of misunderstanding some place along the line.

When section 41(1)(b) was passed and became law, we were very careful at the board to make sure that we did have a mechanism whereby the injured person would be told: "You are now considered, from medical information on file, to be fit for modified employment"—suitable employment, as we call it—"and you should contact your employer to see if arrangements can be made for suitable employment. We are also advising your employer of this fact. If employment is not available, you are entitled to full compensation provided you co-operate with our vocational rehabilitation division." This, in essence, is part of the letter. I think I have a copy of the letter in my brief case over

here, if Mr. Lupusella would like it afterwards.

The other thing we do at the same time is send a letter to the employer, pointing out to the employer, "Your employee has now been considered fit for modified employment, and we would urge that you contact the employee and if possible provide modified employment." We point out to the employer that as long as modified employment is not provided, the employee is entitled to full compensation as though the employee were still totally disabled.

So in all cases, Mr. Lupusella, whether the man is discharged from the hospital and rehabilitation centre or whether this decision is made at head office on information received from his attending doctor from the outside, it doesn't matter which source it comes from to the claims adjudicator, this process is followed. Also, the case is referred to the vocational rehabilitation division, and this is sent out in writing and has been since the act was amended.

**Mr. Chairman:** Mr. Lupusella, that really wasn't a supplementary question. Mr. Wildman has one short question and Mr. Davidson has been sitting here all night waiting to get on. In all fairness, that wasn't a supplementary question.

**Mr. Lupusella:** It was on the same lines.

**Mr. Chairman:** No, a long way away from it. Mr. Wildman, finish up your question, please, and let Mr. Davidson get on. You can fool me for a while but not all the time.

**Hon. Mr. Alexander:** You shouldn't have said "supplementary"; you should have said "related." It may well have been accepted.

**Mr. Wildman:** Supplementary to the question which was not supplementary, I would like to—

**Mr. Chairman:** In all fairness, Mr. Wildman, you said you had one short question left to ask and it wasn't a supplementary question.

9:40 p.m.

**Mr. Wildman:** Okay. The point is that when the person is in a small community where there is no light duty, he doesn't get rehabilitation and he gets cut off.

I have a question with regard to claims on the old subject of scarpers' claims at Algoma Steel Corporation, Limited. This is, I suppose, something people consider to be a hobby horse of mine and of the steelworkers in Sault Ste. Marie. I thought we had something worked out, we had an agreement, all the misinformation around on both sides had

been clarified and we had worked out a way in which Local 2251, on behalf of the steelworkers in Sault Ste. Marie, could claim on behalf of scarpers with back claims at Algoma Steel. It would be along the same lines as the workers at Stelco Inc., where if there was an incident of increased pain they would make out an accident report immediately, and the question would then be adjudicated.

Yet we have a situation I raised with the minister in the House regarding a Mr. Miskiw—I am using him because that is the latest of a number of problems we have had. He was appealing his case last fall and during the time he was awaiting his appeal he experienced an onset of pain. He reported it to his supervisor. He went to the appeal on the previous claim. At that appeal the second incident was mentioned, but it was made clear it was a different claim and that it should not be treated as part of the same claim. The adjudicator who was present seemed to understand that.

Then we found out when the decision came back that the board apparently took it upon itself to decide it would adjudicate that as a recurrence of the same problem not as a new incident. The company had apparently refused to treat it as a new incident and had not made out an accident report.

I raised it with the minister, and the minister said he would investigate it. He got in touch with the board and then wrote back to me that as far as the board is concerned it is applying the same criteria as at Stelco, and that Mr. Starr assured him these claims would be looked at in the fullest and fairest way possible and so on and so on. There is no explanation as to why an accident report was not made when this worker reported an onset of pain or why it was treated as a recurrence by the board when, although it was mentioned at the appeal hearing, it was stated it was a different incident and would be claimed later.

I still don't have an explanation of that. I would like one.

**Hon. Mr. Alexander:** We will try to get you one now, sir.

**Mr. Kerr:** are you familiar with this case? I know you are.

**Mr. Kerr:** Unfortunately, Mr. Chairman, this decision was made by the appeal system. I don't think my purview entitles me to talk about a decision made by the appeal system.

**Mr. Wildman:** I am not raising this as an individual case. I am raising it as an example of what appears, at least as far as the steelworkers in Sault Ste. Marie are concerned, to be the fact that the so-called

modus vivendi worked out is not working. What happens? Why is it that Algoma Steel, when there is a report by a worker of an onset of pain, decides unilaterally there wasn't a new accident and it will not make an accident report, and the board apparently acquiesces to that?

**Mr. Kerr:** Mr. Chairman, again, with all due respect to the member, this decision in the Paul Miskiw case was made by a panel of the board. I am sorry I can't answer the member's question. I will say this, though, that we are adjudicating claims in the claims services division on the same basis as we discussed last year at this meeting. We are using the same criteria for the acceptance of back cases in Stelco, in Algoma and in any other steel plants in Ontario. I am sorry I can't answer the question because it is beyond my purview at this time.

**Hon. Mr. Alexander:** If it is beyond your purview, I think my friend would accept that, but perhaps I can offer a temporary solution. Because of the fact you raised it in the House and the minister replied to your question, how about if we get together with perhaps members of the board, those who sat on the appeal board and more specifically the vice-chairman in charge of appeals, in order that you can have an in-depth discussion about this matter? I think it is important enough for you to have that sort of input and I would be prepared to see to it, if you are interested. If you were to call me, I won't forget your name, sir.

**Hon. Mr. Elgie:** It is Wildman.

**Mr. Wildman:** Wildman is not a hard name to remember.

**Hon. Mr. Alexander:** I would say "nice man" so far. I would be prepared to see to it that a meeting can be convened with you at your instigation. If you call me, I am prepared to see to it because the matter has to be cleared up.

**Mr. Wildman:** I would be interested in having that. I would hope also that Mr. Dennis Abernot, vice-president of Local 2251, could attend. I would also be very interested if at that time we could have some explanation as to why the new claim, which is stated as a new claim, is suddenly incorporated by the board in an old claim and adjudicated as all one claim.

**Hon. Mr. Alexander:** I think we can look into it at the time we get Hansard. I don't know how long it is before it is available. I know I haven't got the reports from the last meeting we had.

**Mr. Wildman:** We are only a subcommittee.

**Hon. Mr. Alexander:** Aren't we important?

**Mr. Kerr:** Mr. Chairman, with respect, the member is entitled to an answer to his question, but the file has to be studied to get the information for him.

**Hon. Mr. Alexander:** That is right.

**Mr. Kerr:** We don't have the answer. I would also like to add that following the meeting here last year our representative, Mr. Steve Tesco, in our Sault Ste. Marie office, through Dennis Abernot, offered and made arrangements that if he had any person employed in a scarping operation who had a claim, an incident, to come into the office and we would have a statement taken, giving all the details, to assist in the adjudication of the claim. That arrangement still stands with the union in Sault Ste. Marie.

**Hon. Mr. Alexander:** Don't forget to call me, sir.

**Mr. Wildman:** I won't forget.

**Mr. Chairman:** Mr. Davidson, at long last you are next.

**Mr. M. Davidson:** I was starting to get impatient. I think it will be noted, Mr. Chairman, that unlike some, I am blessed with a great deal of patience. I would like to raise first with the chairman of the board—and some discussion took place a little earlier on it—why claimants to the board have a little reluctance on occasion to trust board doctors. I would like to raise with you an incident that occurred just yesterday. Perhaps it will give you some idea why some injured workers in this province not only have very little faith in doctors at the board, but have very little faith in the operations of the board itself.

This particular claimant had an appointment for a pension assessment at two o'clock in the Bloor Street offices on the 14th floor. In order to make that appointment, the lady left the community in which she lived at approximately 10 a.m., arrived in Toronto, had her lunch and made sure that she was at the office at the appropriate time. One of the assistants of one of the members went over to be with her because she was rather nervous as it was her first time down.

On arrival, the assistant couldn't see the woman and went to the receptionist and asked whether the claimant had arrived. She mentioned her name and the place from which she had come. The receptionist said the claimant was there and at the moment



was in the washroom. When the claimant returned, the assistant met her and they sat there, assuming of course that the receptionist, given that she knew who the person was, had taken the time to check her in, if that is the proper term.

An hour went by and at this point the assistant was getting a little teed off, it might be said. She went over to the receptionist and said, "What the heck is going on here? The appointment was for two o'clock and my claimant is here. Why are we not seeing the doctor?" The receptionist said, "She hasn't checked in as yet." She let this woman sit there all this time.

9:50 p.m.

She finally got herself checked in and another hour went by. It was now four o'clock in the afternoon and they were still sitting there. Again, at this point, the assistant went to the receptionist and said, "What the heck is going on?" She said the doctor this lady was supposed to see had left.

I suspect that you just leave them sitting there. Nobody said anything so they had to find a stand-in doctor. This doctor looked at this lady for three minutes. She had come from a place a good distance away from here and had sat in an office for two hours waiting to be looked at. The doctor she originally was supposed to see apparently had taken off so she had a stand-in doctor. We later found out he is supposedly a senior consultant and he looked at her for three minutes.

This lady's problem was that she had injured one of her fingers, her index finger I guess, and her thumb quite severely. She had skin grafting and that wasn't holding properly. It kept breaking open and she was having a great deal of difficulty. She is back at work and has been for quite some time. I think the injury happened five or six years ago. She is now working in a place where they do bookbinding and she has to work with her hands so much that the company she works for supplies her with a white glove every day to help try to protect her fingers.

The doctor who looked at her—for three minutes—actually said to her that there was very little he could do about it. Her finger and her thumb were still there and he would be much more interested had it been an amputation. The claimant was totally disgusted and insulted that she had sat there that long, she had been looked at for only three minutes and then the doctor had said that to her.

That is one of the reasons the claimants have very little faith in board doctors and

very little faith in the operations of the board. This was a woman who had come down here hoping to get some assistance—to put her hand back in a condition that would allow her to work without its breaking open all the time. That's the kind of answer that she got. I intend to write to you about this and I intend to give you the name of the doctor involved. I don't know the name of the receptionist, unfortunately.

Hon. Mr. Alexander: We will find out.

Mr. M. Davidson: I most certainly hope you will, but I will write to you officially with a complaint regarding this matter. I just wanted to follow along on what Mr. Johnson had said as to some of the things about the doctors at the board and the reluctance of some of the claimants.

Do you realize what this woman is going to feel like if she's ever told again to come back to the compensation board to be assessed by a doctor?

Hon. Mr. Alexander: I can well imagine.

Mr. M. Davidson: She certainly isn't going to be in too much of a hurry to get back there.

Hon. Mr. Alexander: I am glad you raised it. We don't want to prejudice it—

Mr. M. Davidson: This happened yesterday. I drove the woman from Cambridge into Toronto and it was my assistant who was there at the time this happened—

Hon. Mr. Alexander: I am glad you have had the opportunity to bring it to my attention this evening. I hope you will send me that letter as soon as you can.

Mr. M. Davidson: I will have it in the mail for you tomorrow, let me assure you.

Hon. Mr. Alexander: I don't want to prejudge anything, but on the surface, the type of thing you were talking about—I think we would all agree here this evening—is unacceptable. Obviously there is a problem there somewhere and we have to get down to the bottom of it. I hope you will give me the name of the claimant and the time. By that, we would be able to see who the receptionist was and who the doctor was and we will certainly look into it.

Mr. M. Davidson: I would be more than pleased to do that. I think I can give you the doctor's name in the letter.

Hon. Mr. Alexander: Yes, all right.

Mr. Martel: I wanted to raise a point with respect to whether or not it is possible to improve the communications. This case now concerned a finger but I can relate it to the problem of long-term back disabilities

and so on where an assessment is made in a couple of minutes.

Is there not some way the doctors can spend some time giving advice to workers—particularly those with bad backs which can be very severe? Could they not advise the worker how they arrived at it; why it is not necessary, if it is not, to get into a major medical—because most of them think that is what they are going for—to overcome that sense of frustration the workers experience when they are in for assessment and get a two- or three-minute look? Surely there has to be a way of taking the time to communicate with those workers.

I would like to hear from Dr. McCracken on this point. I think the minister is interested in this too. I for one simply don't know how long it takes. I am simply trying to find out what transpires and why it is so quick and if it is possible to do it that quickly.

**Dr. McCracken:** First of all, I think you must appreciate that at the present time, when a person comes in for an examination for residual permanent impairment or for a general examination by one of our other medical services physicians, we do not punch a clock when the examination starts and finishes.

Possibly this might be something we might be forced to do to demonstrate what the average length of the examination is. I hate to go in that direction, I must confess, because this becomes very mechanized. It is very distasteful as far as I am concerned.

As far as the physicians' carrying out of permanent impairment examinations is concerned, this is all they do from 8:30 in the morning until 4:30 in the evening or from eight in the morning until four, depending upon when they start and when they complete their work. Their average case load is between eight and 10 cases per day compared with a family physician whose case-load can run as high as 100.

I can tell you that they are not sitting around reading magazines. They are reading les and examining X-rays as part of the preparatory work before they see these people. Having gone through that, I suppose you would argue that they then have their thoughts in place. They know the history of the injury, they know all the details that have led up to the person coming down to be examined, they know what operations they have had, they know what medical opinions have been expressed subsequent to the operation and subsequent to the return to work.

So they do not have to go into a long inquiry with the patient, detailing when the accident happened, and what happened after that and when the patient had his or her first operation and second operation and so forth. That is unnecessary and that cuts down the actual examination time by a considerable amount, if you bear in mind that when an outside surgical consultant carries out a consultation, in many instances this will consume up to half to three quarters of an hour.

By and large, this is not necessary because that has been done long before the patient ever arrives in the examining room. What does happen is that they are specifically instructed they are to elicit from the patient what they visualize the patient's current problems to be. This is important. We must know from the patient what his or her problems are at the time of examination to verify the medical documentation on file and to make a determination whether the documentation is underplaying or overplaying the problem so as to put the whole problem into perspective. Following that, an examination is carried out.

If it is a finger amputation or if it is a finger injury with residual stiffness of a joint or if it is a limited skin grafting procedure, the examination is limited to that part. There is absolutely no way someone who is expert in carrying out an examination can spend one hour looking at a finger or looking at a skin graft of two or three inches in diameter. There's absolutely no way. There is only so much observation, examination and testing one can carry out.

10 p.m.

In that instance I can well visualize that any of my medical staff can carry out the appropriate examination in no more than three minutes. As a matter of fact, if he took more than three minutes I would say he was waffling in his evaluation. It depends upon the circumstance.

**Mr. Martel:** But at that stage, the stage where the examination has been conducted, surely it is incumbent upon the doctor to explain to the worker not so much the degree of disability but what that person can envisage for the future in terms of the disability, what the limitations are? I've seen doctors who draw little diagrams and explain to patients what the disability is all about. I realize it would take a little more time, but surely it would be a lot more humane to do that than just to take a look at it and say: "It's not bad. We'll give you 10 per cent. Goodbye."

They don't understand their problem. I'm not suggesting it is callousness, but surely you have to communicate with the individual on the situation and explain to him, not in medical jargon but in terms that he can grab hold of, what his disability is all about.

**Dr. McCracken:** Mr. Martel, I completely agree with what you're saying. Dr. Ehlers is the senior permanent disability consultant, and when I discuss this matter with him on any number of occasions he points out, and rightfully so, that so far as he and his staff of eight other physicians are concerned, they must deal with each case as an individual case. In clinical practice, this is what all doctors must do.

There are some patients who have cancer and you know in talking to them and in discussing the case they are the type of persons you are going to have to tell they have cancer. There's another type with whom you know the worst thing you could do is tell them they have cancer, because this would be totally devastating and crippling to them. This is an individual judgement and decision that each doctor must make.

This is exactly what Dr. Ehlers continues to tell his staff. They must handle each case as an individual case, they must make a determination as to what type of information they tell that patient, and if a patient asks, they have a responsibility to respond to the question. As far as I'm aware, they do.

As for the doctor saying, "Yes, you have a 10 per cent pension," as far as I'm concerned none of my doctors has told any patients that they have a 10 per cent pension. That is not their area of responsibility. That's the area of responsibility of Mr. Kerr's pension claims adjudication staff.

They see the patient following the examination and they are the persons, having discussed the matter with my medical staff, with the doctor who has carried out the examination, who sit down with the patient and say: "You have been examined by the doctor and this is what he has carried out by way of evaluation. We are going to look at this and we are going to develop a pension based upon the percentage of impairment you have, having discussed this matter with the doctor." The doctor does not, nor should he, say the individual has a 10 per cent pension. That's not the role of the medical staff.

**Mr. Martel:** But surely it is the role of the medical staff to explain to the man what his problem is.

**Dr. McCracken:** Indeed it is. There's no question at all, Mr. Martel, that if a patient

were to ask any of my medical staff, they have a responsibility to tell the patient. They also have a responsibility to evaluate each individual patient and they have to make a judgement decision as to what the person should know and what the person should not know.

**Mr. T. P. Reid:** They can do that in three to five minutes?

**Dr. McCracken:** Yes.

**Mr. T. P. Reid:** I have people coming 1,200 miles. They go in and in three minutes they're told to bend over and—

**Dr. McCracken:** The examination goes far beyond being told to bend over. This is an interpretation that obviously someone has placed on the examination. I can assure you that in a back case there is far more to it than saying, "Walk across the room and bend over." On top of that, I would submit that the distance the person comes has no bearing on the duration of the medical examination.

**Mr. T. P. Reid:** Mr. Martel's point is that they come all this way and they are not told anything. They go home and they have no idea.

**Mr. Martel:** Unless they ask. Let me ask the minister, who is—

**Mr. T. P. Reid:** A compassionate person

**Mr. Martel:** I put it to the minister: when you had patients with some problem which would cause a physical impairment, would you take the time to tell them how that was going to affect them and what the impairment was—I am dealing primarily with Sudbury patients with low back injuries—so that they understood? Would you take the time with your patient to explain that to him carefully?

**Hon. Mr. Elgie:** I think most physicians would.

**Mr. Martel:** That is all I am asking. When Dr. McCracken said is, "if the patient asks, I am not questioning whether the patient asks, because most of them come down there and, as I think Mr. Johnson pointed out, they are apprehensive to start with; you are not talking about sophisticated, professional people who think they should ask, but about ordinary working people who go in, get through examination and that is that. I think you have to explain what that impairment means to them and how it affects them. Without that, I think you are going to have that mistrust and that sense of just passing them through like sausages through a factory."



**Mr. Chairman:** Mr. Lupusella, do you have a particular point, sir?

**Mr. Lupusella:** Yes, honestly and truly.

**Mr. Chairman:** A very short one.

**Mr. Lupusella:** Dr. McCracken, you previously stated that the function of the medical examination is for the medical officer to visualize the problem, is that correct?

**Dr. McCracken:** Yes.

**Mr. Lupusella:** Do you also agree with us that the percentage of the disability of an injured workman is assessed through the content of the medical reports which are in the board's file?

**Dr. McCracken:** In part only.

**Mr. Lupusella:** In part.

**Dr. McCracken:** In some instances, 100 per cent. Each year, about 1,500 cases are assessed solely according to the contents of the medical reports filed by the treating physician, and there is no examination input from any of my medical staff.

**Mr. Lupusella:** I am talking about the actual visit, about the medical examination for pension purposes only. You said that the medical staff is already aware of the problems of an injured workman, and that this is the main reason why the medical staff is spending little time with the injured workman. That is what you stated.

**Dr. McCracken:** Mr. Lupusella, I explained what went on before the examination, but I did not say that they spent little time with the injured worker. I pointed out that during an eight-hour day, with time off for lunch at noon and a break for coffee, they examine eight to 10 patients. What I am saying is that the average examination is far longer in duration than an average examination in an average, busy general practitioner's office, by any stretch of the imagination.

In other words, they are seeing only eight to 10 patients per day and they are preparing the data for the files for the next day's examination. If you accept the fact that it takes an equal amount of time to prepare the files for the next day's examinations, that means they have four hours in each day in which to examine eight to 10 patients. That works out to about a minimum of 20 minutes to 30 minutes per patient; indeed, this is what the average man does work out to be.

**Mr. Lupusella:** Let me be frank with you. When is the percentage of the disability of the injured workman determined, at the

time of the examination, or before, at the time when the medical officer is going through the contents of the medical reports on file? I am talking about percentage of disability, that is, the rate.

**Dr. McCracken:** In the 1,500 cases in which the decision is made, that rating can be carried out without having the man examined. My medical staff has no input at all. That is a decision that is made strictly by Mr. Kerr's claims adjudication staff. They are the people who determine what the per cent disability, that is, the per cent pension, will be.

10:10 p.m.

**Mr. Lupusella:** Based on what?

**Dr. McCracken:** Based on the medical data that is in the file from the treating physicians, the family physician and the specialist when a specialist is involved.

**Mr. Lupusella:** Don't you agree then that the medical examination, when a person is called by the board for pension purposes, is becoming useless?

**Dr. McCracken:** No, not at all.

**Mr. Lupusella:** So what is the function of it?

**Dr. McCracken:** The majority of cases are of such complexity that they must be examined by one of my permanent disability medical staff due to the fact that there is a multiplicity of injury. There is a multiplicity of treatment, there is a multiplicity of treating agents, that is, more than one doctor. In order to evaluate the problems it is necessary to carry out an examination in order to reach a degree of residual impairment. Without that, there is nothing in the file in those cases that will be of any real assistance to Mr. Kerr's staff in establishing the basis for a pension.

**Mr. Chairman:** The question has been asked. Mr. Reid, you have a supplementary?

**Mr. M. Davidson:** I have one more question.

**Mr. Chairman:** I know you have, but we are on a supplementary.

**Mr. T. P. Reid:** My question is relatively the same. Dr. McCracken has indicated that the distance people come has nothing to do with the time spent on them. I would agree, within certain limits. But my friend from Sudbury East has raised a problem that I see as one of the major ones. That is, people do come from a long distance, Dr. McCracken, in my case, 1,200 miles. They come down and are seen and I am willing to say, for differences of argument, all right, when they

tell me it is five minutes, it may be 20 minutes. But they come 1,200 miles and they go home no wiser than when they came.

They are not necessarily interested in what their degree of pension or percentage of pension is going to be. They want to bloody well know what is wrong with them. Are they going to be able to work, which the large majority of them are concerned about, are they going to be able to carry on a reasonably normal life? That is their problem, not the percentage of pension they may get.

But 90 per cent of the people who talk to me say they come down to Toronto, they go, not necessarily to one of your staff, perhaps to some other professional the board has on retainer or whatever, and they go home having no concept of what their family doctor has said. In my area at least it is a GP. We don't have that many specialists. Often they don't see a specialist until they come down here. But they and their families want to know what is the matter with them, what degree of impairment they have and how it is going to affect their whole and total lives. They don't get that from the board.

I have been in politics 13 years and I have found that most people want to know where they are at. They can cope if they know what their problems are, but they can't cope with not knowing what kind of physical or, in some cases, mental health they are in. This, to me, has to be one of the most single important problems the board has.

My friend from Sudbury East was correct when he talked about you, or your staff, and the specialists not telling people what is the matter with them. I understand the bureaucracy of the thing; that somebody writes out a report and it goes into Mr. Kerr's people and they look at it in black and white and they say, "Ah yes, so and so said." I could probably rhyme off, after 13 years, all the medical jargon about the lumbar disc and all the rest of it almost as well as the doctor, but that does not help the person who comes in.

Time has to be spent with these people explaining to them the extent of their injury as opposed to just what their degree of pension is going to be. Somebody has to tell them: "You have this problem with your leg or your back or your arm. You are only going to be able to function in this way or that way, or you are not going to be able to function." Somebody has to tell them that. Nobody tells them all through the system. The doctors at the local level do not feel themselves professional enough or capable enough to say, "This is your problem." They usually say, "We will send you to the board

in Toronto and you can either see the board's doctors or a specialist on retainer."

They come here and go through that. Then they go home and are no wiser. Their families are no wiser. Their employer is no wiser. Their MPP is no wiser. Nobody can understand the reports when they do come out from the board. Somebody has to sit down with these people. That is where the counselling, I say to Mr. Alexander, the follow-up procedures and everything are so important but are being completely and utterly neglected.

I know the minister has all the figures about the thousands of people that have to be seen. But we are not doing that essential job of telling people what their problem is and how we see it is going to affect them, apart from the money aspect, which nobody denies is important. They essentially want to know how healthy they are. What can they do? How can they carry on? Can they do their job?

They come down and go to Downsview or go to the Waldorf-Astoria. The irony of the situation is that people who have these problems stay at the Waldorf-Astoria. Anybody who knows that place knows that is really ironic. Nobody tells them. I apologize, because the essence of about 10 minutes is just what the member for Sudbury East said, "Why does somebody not tell them what condition they are in before they go home?" It is not fair for a report to go from your specialist, whether it be with the board or otherwise, to Mr. Kerr's operation, when the only person who does not know what is going on is the injured workman.

He never knows. He gets a letter from the board three weeks or six weeks later if he is lucky, saying, "We have diagnosed you, blah, blah, blah." It does not tell them whether he can lift, whether he can walk, whether he can lie down, whether he can make love to his wife or, if it is a woman, her husband, or whomever. Am I making any impression on you, Dr. McCracken?

**Mr. Chairman:** I think the question has been asked, Mr. Reid.

**Mr. T. P. Reid:** About 15 minutes ago, yes.

**Dr. McCracken:** First of all, you made mention of being examined by physicians other than the physicians in the permanent disability staff. These obviously would be outside consultants, as you have indicated. You made mention of the fact that, in your opinion, in many instances the family physician might not feel that he is capable

arriving at a diagnosis, and so forth. I really would have to challenge you on that because I think the family physician in Ontario today is a very well trained professional. I would submit that he has a working diagnosis from day one.

**Mr. T. P. Reid:** Why do they come down here then?

**Dr. McCracken:** He is capable and has an ethical responsibility to communicate with his patient, whether that patient happens to be a Workmen's Compensation board case or any other patient who is seeking his services. He has an ethical responsibility to tell the patient he is referred for an orthopaedic consultation or any other type of consultation to a neurosurgeon, to an internist, or whatever. The vast majority of outside consultations are made by the treating family physician and not by the board. I would like to make that very clear.

**Mr. T. P. Reid:** Yes, because they feel they cannot deal with it.

**Dr. McCracken:** No, they do not feel they cannot deal with it, but they want to make sure that they are not overlooking any problem. Remember, when the time comes that a case is referred to a specialist consultant, that indicates that something is wrong, that that patient has not recovered and has not been able to return to work. The family physician is now starting to seek expert opinion as to what should be done further. This is the correct and proper thing to do.

10:20 p.m.

Whether or not the outside consultant communicates with the patient, as I told Mr. Martel, is an individual decision at that time by that doctor. There are some

patients—and I can speak from 21 years of experience—where you get a distinct sensation that you know exactly how you are going to be able to communicate with them. There are other patients with whom you know you actually cannot or should not communicate, but they have to get the story somewhere. Somewhere is that person who has the responsibility for the total patient care and that is the family physician.

There are some consultants who will evaluate a case and who will say to the patient: "Thank you very much. I have completed my examination. I will be sending my report to your doctor and a copy to the board." What he is saying at that point in time is: "I am not prepared to tell you the bad news or the good news or whatever. I think I should send my consultation report to your doctor or maybe even phone him as well and discuss the matter with him to see what course we should take in communicating with you, the patient." That is what he is really saying. This is one of the great reasons they do not communicate.

**Mr. Chairman:** We will have to adjourn, gentlemen. There is a vote upstairs. I have to apologize to Mr. Van Horne and Mr. Davidson for not being able to get them on.

**Mr. T. P. Reid:** They haven't rung any bells, have they? I don't think there is a vote, is there?

**Hon. Mr. Elgie:** Jim Mackenzie just came in and said there was.

**Mr. Chairman:** I'm sorry, we should have had another eight minutes here, but unfortunately the clock has run out. I've done my best.

The committee adjourned at 10:23 p.m.



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## SPEAKERS IN THIS ISSUE

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Johnson, J. (Wellington-Dufferin-Peel PC)  
Lane, J.; Chairman (Algoma-Manitoulin PC)  
Lupusella, A. (Dovercourt NDP)  
Martel, E. W. (Sudbury East NDP)  
McClellan, R. (Bellwoods NDP)  
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**From the Workmen's Compensation Board:**

Alexander, Hon. L. M., Chairman  
Kerr, W.R., Executive Director, Claims  
McCracken, Dr. W. J., Executive Director, Medical Services  
Wisocky, J., Executive Director, Vocational Rehabilitation



No. R-31

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Industry and Tourism

**Fourth Session, 31st Parliament**  
Tuesday, October 7, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, OCTOBER 7, 1980

The committee met at 8:10 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

**Mr. Chairman:** The meeting will come to order. I presume our first item of business will be a statement from you, Mr. Minister.

**Hon. Mr. Grossman:** Thank you, Mr. Chairman. I welcome opposition critics from the Liberal Party back for another exciting year of ministry estimates. My parliamentary assistant, who is just coming through the door, is Gordon Smith. One of my new critics from the NDP is Mr. David Cooke.

Are you replacing Mr. Di Santo in that responsibility?

**Mr. Cooke:** I am attempting to do so. It will be a very difficult task.

**Hon. Mr. Grossman:** Mr. Chairman, this is the third time I have had the pleasure of presenting the estimates of the Ministry of Industry and Tourism and reading a long opening statement.

Two years ago, I described the new stance and changing role to be undertaken by the ministry in response to changing economic realities. Last year, I outlined the extensive organizational changes which my deputy, Red Wilson—he is to my immediate left; you will all recognize him—and I had made to allow us to carry out our new initiatives.

This year I am happy to report that we are seeing positive results—as you all knew we would—from our new approach and our new organization. I would like to deal with these within three broad categories: how we are strengthening existing industries, how we are attracting new investment to Ontario and what we are doing to prepare for the future. I will outline the highlights of our progress and plans in each of these areas.

I would like to deal with five components of our program in the area of strengthening existing industries: the development of domestic markets, developing priority international markets, financial support for business, industrial research and development and strengthening of key industry sectors.

The Canadian domestic market is the key to our economic prosperity and our survival as a nation, but the Canadian common market has been eroding in recent years. Seven provinces have regional procurement policies, the mobility of labour is restricted and the flow of capital is obstructed through various channels.

**Mr. Hall:** Trudeau is changing that.

**Hon. Mr. Grossman:** He is doing something. He has, I am happy to say, picked up on the initiatives we started here about a year ago.

**Mr. Hall:** It was all your idea?

**Hon. Mr. Grossman:** I would not say all of it was.

In the economic environment of the 1980s, we can no longer afford this kind of provincial protectionism. Canada's businesses will require access to the entire Canadian market to develop the economies of scale needed to meet foreign competition in export markets, in our domestic market when tariff cuts are phased in, and in our tourism market in the face of direct American competition for Ontario tourists.

We have taken the initiative to open discussions on strengthening the Canadian common market. We have visited several provinces and will be an active advocate at the meeting of the federal and provincial finance and economic ministers in December.

Our program to encourage the domestic market in the industry side of the ministry has six major components: identification of joint venture opportunities between provinces, government purchasing policies, import replacement programs, requirements of Canadian sourcing by industry, Shop Canadian retail programs and advocacy to help Canadian-owned companies compete for major projects.

One of the major means of developing the Canadian common market is the use of joint venture opportunities with other provinces. The first concrete result of our efforts is the interprovincial purchasing agreement to develop the medical and hospital supply industry. Like many Canadian industries, this sec-

tor is fragmented, lacks specialization and is regionally competitive. These problems account for the high level of import penetration—70 per cent or \$850 million of the total \$1.2 billion market for these products.

The program agreed to by the provinces is designed to lead both suppliers and purchasers to think in nationwide terms. This will be accomplished primarily through personal contacts with hospitals and manufacturers. A major manufacturing opportunities show will also bring together the supply and demand sides of Canadian industry. Our aim in the first year of the program is modest—to increase the Canadian share of the market by \$80 million. Over five years this achievement would create thousands of new jobs.

We are working towards additional joint venture opportunities in educational materials, production machinery and pharmaceuticals. Such programs produce tangible economic gains and also build bridges of trust between the regions of this country.

A second domestic marketing objective is the use of government purchasing power to stimulate the growth of Canadian firms. The combined purchasing power of Canadian governments at all levels is estimated at 10 per cent of the gross national expenditure, not including crown corporations which account for another eight per cent.

The Ontario government offers a 10 per cent price preference for Canadian content in government purchases and encourages other provinces to adopt a Canada-first policy rather than a provincial or regional preference.

An Ontario international task force has been studying other ways to use procurement policy to promote industrial development. It is scheduled to report soon on such measures as streamlined purchasing forms and procedures, more effectively deploying the Canadian content preference and extending the policy to crown corporations and other government-funded bodies. Also under discussion is the review system for major purchases to ensure maximum Canadian content in government contracts.

Our import replacement shows also assist Canadian manufacturers in gaining access to the domestic market. The nine shows we sponsored in fiscal 1979-80 displayed imported components representing \$209 million in replacement opportunities for Canadian suppliers. In addition, the Thunder Bay pulp and paper show featured a further \$1.4 billion worth of capital goods and services required for industry expansion. Some 4,300 companies attended the exhibitions.

The pulp and paper show was noteworthy in that we invited companies from other provinces to join the exhibition. More than 100 businesses from outside Ontario accepted our invitation to attend.

We are encouraging private sector initiatives to promote import replacement, such as the national plastics industry show scheduled for October 22-24 at the Canadian National Exhibition Coliseum. This will be jointly sponsored by my ministry and by the Society of the Plastics Industry of Canada.

In another move to promote import replacement and interprovincial trade, Ontario has made Canadian sourcing a condition for receiving major incentive grants through such programs as the Employment Development Fund. All recipients of pulp and paper grants from the fund, for example, will have been required to procure more than 85 per cent of their capital goods requirements from Canadian suppliers. This means \$1.1 billion worth of goods and services will be sourced by the industry in Canada.

For the past three years the ministry has been pursuing a major drive to boost domestic sales through the Shop Canadian program. With a total budget of \$3.4 million, the program has focused on three target groups—consumers, retailers, and manufacturers. Research indicates our radio, outdoor and print advertising investment is succeeding in shifting consumer attitudes. Of the 290,000 new jobs created in Ontario over the last two years, 104,000 were in manufacturing—obviously, we believe, a result of increased demand for Canadian-made goods.

To enhance the promotional impact, we gave the campaign a regional focus this year. Co-ordinated thrusts through radio, print and mall displays highlighted intensive one-month campaigns in the 10 major shopping areas of the province. We endeavoured to persuade manufacturers to support the consumer campaign by marketing and promoting their goods as Canadian-made. To this end, we have distributed over 85 million free made-in-Canada labels. Approximately 1,000 companies are now using these labels.

8:20 p.m.

A major objective in the final year of the campaign has been to help the private sector undertake Shop Canadian programs on their own. We are working with manufacturers, retailers and trade associations to continue shopping mall displays, labelling and point of purchase displays on their own initiative in the months ahead.

A sixth initiative in domestic marketing is our active advocacy role with the federal

government, other Ontario ministries, government agencies and the private sector to help Canadian suppliers faced with foreign competition. Acting as a troubleshooter for business, we are pressing for the awarding of specific contracts to domestic firms where price and quality are competitive.

Some examples: We saved 500 jobs by helping Allis-Chalmers Canada Limited obtain a \$2.8 million contract to provide grinding mills for Rio Algom Limited on approval of Ontario Hydro. This gave Allis-Chalmers the chance to win the contract over Japanese competitors.

Our ministry was instrumental in having the seat purchase for the new Massey Hall redirected to Irwin Seating Canada Limited. An original contract signed with American Seating of Grand Rapids, Michigan, would have taken most of the work to the United States. While Irwin is also foreign owned, awarding it the contract would give most of the jobs to Canadian workers.

We are working with Consolidated Computer Incorporated which is seeking a \$65,000 contract with the Ministry of Government Services. Having provided satisfactory service for the past five years, CCI was unable to bid on a new tender because of a new programming requirement. We are now helping them meet that requirement.

We responded to the tube-turn division of Chemitron in a matter of \$80,000 duty drawback. The company had to ship two million pounds of special steel to the US for processing since no Canadian facility existed to do the forming. When the shipment was returned, duty was paid on value added, plus material costs. Application for duty remission was denied by customs and excise. The ministry aided the company in an application for a special review and we do expect a favourable ruling.

The Canadian Red Cross wanted to award a contract for the refractionation of blood plasma to an American company. We are participating in meeting with the Red Cross, the Ontario Ministry of Health and other provinces to keep this contract with a Canadian company.

**Mr. Hall:** I do not mean to interrupt too much but how did you make out with the Liquor Control Board of Ontario on its computer stuff, on the Canadian company?

**Hon. Mr. Grossman:** The LCBO ended up cancelling or deferring the award of that contract in favour of another expenditure they were making. I think the LCBO intends to retender that.

**Mr. Hall:** They have not had anything this fall.

**Hon. Mr. Grossman:** No, they cancelled.

**Mr. Eakins:** A Canadian firm might very well still be in the ball park, then.

**Hon. Mr. Grossman:** Yes, I think we will succeed in keeping a Canadian firm there.

These are typical examples. My ministry will continue to act systematically and aggressively as an advocate of Canadian suppliers and a defender of Canadian jobs.

The domestic market is particularly vital to our tourist industry. We have emphasized the Ontario market in our 1980-81 tourism marketing plan. As you know, for the first time we have combined all provincial advertising and promotional efforts in tourism under a single banner, "Ontario—Yours to Discover!"

The prime target for the first time is the Ontario resident. Our market research revealed a tremendous appetite among Ontarians for more information about their own province as well as a widespread feeling that Ontario could bring new zest and flair to its promotional efforts.

Our own residents account for almost two thirds of tourism expenditures in this province. The "Ontario—Yours to Discover!" campaign is designed to reach this key domestic market.

We have almost doubled our budget for tourism advertising, promotion and publications since 1977, going from \$6.5 million three years ago to \$11 million this year.

We increased the tourism marketing investment by \$3.5 million this year to back a multimedia advertising campaign. Television was used to establish the theme, with radio offering timely information on upcoming events and regional attractions. We used newsprint as the major media to stimulate and sustain interest promoting resorts, tours, events, attractions, fishing, cities and the economies of an Ontario vacation.

As part of the program to sell the importance of tourism in the north, major efforts were undertaken to promote the northern Ontario experience, hunting and fishing vacations and attractions. The ministry participated for the first time in sports shows in major US border cities. In addition, northern Ontario attractions were promoted through magazines, newspapers and radio in the important midwestern US market.

An exciting "Ontario—Yours to Discover!" magazine was distributed for the first time to more than three million Ontario homes as a newspaper insert or through direct mail distribution. Based on our popular Traveller's



Encyclopaedia format, it highlighted the introduction of the "Ontario—Yours to Discover!" campaign this spring.

Travel counselling is another effective selling tool in reaching the domestic market. The ministry operates 12 year-round travel information centres across the province and a number of seasonal centres. We have upgraded and expanded the network with a new centre in Fort Erie, the remodelling of the Barrie centre and new centres opening this year in West Lorne and Odessa.

Travellers are taking advantage of our counselling services. So far in 1980 we have recorded a 14 per cent jump in inquiries received by telephone, mail or through our head office travel centres. Inquiries handled by the remaining travel centres are up two per cent. In the last nine months almost 900,000 inquiries were answered.

Quebec is another new target of our domestic thrust. We are establishing a year-round advertising presence there for the first time under the translated theme "L'Ontario—à découvrir."

Mr. Eakins: Do you want to try that again?

Hon. Mr. Grossman: We will see how it comes out in Hansard.

Mr. Hall: Is that "yours to discover"? I am not bilingual.

Hon. Mr. Grossman: It has a very hidden message. You would be shocked to discover what is says.

Bilingual telephone lines have been added to our counselling service. Many of our travel publications are now available in French language media

As in the industry side of the ministry, we have made a concerted effort to help build bridges with other provinces, rather than compete. Ontario and Quebec have joined over the last year on major promotional tours through Europe and in the United States to encourage people to come to Canada.

On developing international markets: One of the most critical challenges facing Ontario's economy is that of decreasing our trade imbalance. I have described our effort to strengthen Canadian industry in the domestic market. Let me turn now to our initiatives to develop international markets.

In the area of tourism we have made a concerted effort in international markets where the incentive is highest to travel to Ontario. The United States, particularly those areas within a tank of gas of Ontario, and the emerging markets of western Europe and Japan were prime targets for our promotional efforts.

The new "Ontario—Yours to discover!" program was advertised and travel writers from major American dailies and television programs were encouraged to come to Ontario.

Mr. Hall: "Encouraged." Does that mean paid to come to Ontario?

Hon. Mr. Grossman: No, we do not have to pay people.

Mr. Hall: I am just asking.

Hon. Mr. Grossman: Do you want to know what it translates into?

Mr. Hall: No.

Hon. Mr. Grossman: John will tell you. He knows a lot of people there.

Mr. Hall: When you say they are encouraged to come, I am asking were they paid to come?

Hon. Mr. Grossman: The travel writers?

Mr. Hall: Yes.

Hon. Mr. Grossman: We will get that with our tourism estimates.

Mr. Hall: You may forget, the speech is so long.

Hon. Mr. Grossman: I heard you have a very good memory.

New officers were stationed in New York and Chicago to sell Ontario travel destinations to the travel trade. Our ministry has taken exhibit space in major tourism trade shows in the United Kingdom and Germany and will lead major tourism trade missions to these shows. I hope I can attend some of them myself.

Mr. Cooke: I think the committee should go.

Hon. Mr. Grossman: If your caucus can put the money together I would be happy to take you.

On the industry side, I announced in May details of the Ontario government's new trade action plan, Export 80s, designed to provide a greatly improved package of provincial assistance for the export activity of Ontario firms.

I would like to review briefly what has happened since the Export 80s strategy was announced and outline some new initiatives we are undertaking.

One of the primary components of Export 80s involved our decision to increase the level of financial support for Ontario exporters. Specifically, I indicated that we would be doubling the resources allocated for export assistance by the Ontario development corporations.

Lines of credit to a maximum of \$1 million are now available to individual firms to

finance production for export markets and export receivables.

Already this year 52 Ontario companies have been provided with more than \$15 million in credit lines to help them undertake major new export marketing initiatives. This brings to nearly 100 the number of small Ontario manufacturers who are currently receiving assistance in their export activities under our export support loan program.

We expect the Ontario development corporations will have committed \$25 million under this program by the end of fiscal 1980-81.

8:30 p.m.

The second objective of Export 80s was to focus trade promotion activities to improve both the services we offer to Ontario exporters and the return on our investment. We have developed a list of 90 key firms which will receive priority attention for government support. We have also redefined our list of target markets—countries that hold the greatest promise for expanded Canadian exports.

Our trade mission program has been re-organized to reflect these priorities. Of the 38 missions we have scheduled this year, four will go to the United States, 13 to Latin America, 11 to fast-developing markets in the Pacific rim and Africa, and 10 to Europe.

In 1979-80 the estimated sales from 26 trade missions totalled \$42 million, a high return on our \$750,000 international marketing budget. For the first six months of the current fiscal year, projected sales have already reached \$47.8 million.

The benefits to individual firms can be spectacular. One company secured a \$2.5 million contract as the result of a single trip to Mexico last June. An 11-company mission to Latin America in April landed orders for an estimated \$15 million worth of mining equipment. The 11 companies on last January's mission to Australia—which the minister accompanied, I might add—are forecasting total sales of \$4 million.

We have also extended our selective approach to trade fairs and exhibitions. We are now participating in those specialized functions that are of specific interest to key Ontario industries.

For example, 35 Ontario auto parts manufacturers travelled to Geneva last spring—again in the company of the minister, I might add—to participate in Sitev, the world's primary automotive exhibition. This month an Ontario mission is participating in the Australian International Engineering Exhibition in Sydney and there will be strong repre-

sentation from our province at the second Middle East Building and Construction Industry Show in Bahrain.

To ensure more effective technology transfer and increased compatibility with domestic research and development activity our technology missions are now being co-ordinated by the Ontario Research Foundation. For example, ORF has recently arranged for representatives of Ontario's glass manufacturing industry to participate in a 12-day visit to three European countries to gain access to the most advanced technology in glass manufacturing.

A third key objective of Export 80s was to stimulate exports by smaller Ontario firms.

In addition to the increased financial support available through the Ontario development corporations, we are encouraging the participation of trading houses in our trade missions. For example, a mission comprised exclusively of trading houses will be visiting four Asian markets this month. Among them, these trading houses will represent the interests of a number of smaller Ontario manufacturers with export potential.

In order to develop improved professional expertise in trade, trade policy, customs, tariffs and export marketing we are now operating an internship program in international business. Nine recent graduates of Ontario universities are now serving in our foreign offices. We view this experience as valuable post-graduate training which will prove very beneficial to small firms hiring them upon completion of the program.

**Mr. Cooke:** What did we get from the Republicans? Are you going to talk about the Republicans here, \$400,000?

**Hon. Mr. Grossman:** I would be happy to to talk about that. I will read you Ted Bounsall's letter.

**Mr. Cooke:** It was not Ted Bounsall's, it was mine.

**Hon. Mr. Grossman:** No, he wrote complaining that the Union Jack portion of the "Yours to Discover" logo was far too large.

**Mr. Cooke:** I have not got a reply to my letter yet and it was sent in June.

**Hon. Mr. Grossman:** We conduct entire studies.

**Mr. Laughren:** Why did you leave it out of here?

**Hon. Mr. Grossman:** Which one?

**Mr. Laughren:** The Republican seduction.

**Hon. Mr. Grossman:** We will have those statistics for you. You will be shocked and overwhelmed.

**Mr. Cooke:** If I was going to be shocked and overwhelmed I am sure you would have put something in this glossy opening statement.

**Hon. Mr. Grossman:** We have got a specific glossy document for you on Windsor. That is how much we care about Windsor. We will have that for you. As a matter of fact, we may distribute widely in Windsor the results of the study there.

The fourth key element of our Export 80s strategy involves the need for Ontario firms to gain wider access to international commercial law specialists.

There is an accelerating shift in international trade from a world of trade regulated by tariffs to one in which legalistic mechanisms, such as quotas, licensing arrangements and product standards, play an increasingly important role. The new trading environment is also influenced by the trend towards joint ventures and other types of business relationships in international trade. This suggests the need for specialists who can advise firms on legal issues that will affect their likelihood of success in international markets. So I do have a future after politics, it is a relief to know.

**Mr. Cooke:** You should plan.

**Hon. Mr. Grossman:** I have my QC now, I am set.

For this reason we will be funding to a level of \$10,000 a year for a period of three years the establishment of a chair of international commercial law—perhaps at the University of Western Ontario, I say to my friend who has just come into the room.

**Mr. Van Horne:** I hope you are not degrading my alma mater.

**Hon. Mr. Grossman:** No, I was offering them a plum.

**Mr. Van Horne:** You were offering them a plum?

**Hon. Mr. Grossman:** I was. We may not deliver that plum until next June.

**Mr. Van Horne:** What are you up to?

**Hon. Mr. Grossman:** I am up to page seven. As a fifth key element—

Interjections.

**Mr. J. A. Taylor:** As a matter of fact, I was so impressed I had to come and just listen to it being read. I am very, very impressed with the way it is presented.

**Mr. Laughren:** It is vintage Grossman, I will say that. It is very impressive.

**Hon. Mr. Grossman:** Thank you very much, I appreciate that.

**Mr. Van Horne:** Is this your remedial reading program?

**Hon. Mr. Grossman:** Yes, I am trying to take public speaking and this is part of the course.

As a fifth key element, the Export 80s strategy established an office of commercial policy. We identified a need for Ontario to match its new program capability with trade policy credibility to ensure that the interests of Ontario exporters are well represented in international negotiations as well as in federal trade policy and program initiatives.

To this end, we announced last May our intention to form an office of commercial policy within my ministry. This office is now becoming operational, enabling us to offer more effective assistance to firms encountering either unfair trade practices by foreign competitors in the Canadian market or discriminatory treatment in foreign markets. I will be writing to businessmen in Ontario most affected by changes in international trading arrangements and tariffs to explain to them in detail the services to be provided, by this fall.

A sixth major Export 80s initiative was the establishment of a new provincial agency, the Ontario International Corporation.

The principal role of OIC is to identify major offshore capital project opportunities and put together Ontario-based consortia combining both private and public sector expertise to bid on foreign contracts.

Over the years, various ministries of the provincial government have developed advanced technological expertise on capital projects. Specialized skills now exist in such fields as electrical power generation and transmission, urban transit, educational infrastructure, environmental protection, urban transit and telecommunications. The challenge now is to blend this public sector expertise with skilled services in the private sector to make effective inroads into the \$100 billion global capital projects market.

Particular emphasis will be placed on the systems approach to large and complex projects such as hospitals, schools, power plants and transportation systems. As an international marketing agency, Ontario International Corporation will be involved in every aspect of packaging the project from planning and design to construction, operation and the training of personnel.

8:40 p.m.

Early involvement in the design and planning phases will also give us an opportunity to identify areas in which Ontario suppliers of manufactured products can gain access to



lucrative new markets. The corporation will investigate opportunities, provide contacts, screen projects and complete preliminary risk analysis for companies and consortia. It will also act as a government-to-government agent for local consortia or with offshore joint ventures.

Efforts will be concentrated on major capital projects coming on stream in South America, the Middle East, the Far East and selected African countries. Ontario International Corporation will further examine prospects for joint ventures between Ontario and Australian firms to work on projects in Southeast Asia.

Ontario International Corporation has already secured its first contract, a \$100 million consulting contract awarded to a Canadian consortium for the design of the King Abdul Aziz University complex in Saudia Arabia. All of the design work will be done in Canada and more than 400 new jobs will be created over the seven year life of the contract. Since the university will contain almost 12,000 housing units, this project also offers tremendous opportunities for suppliers of building materials, furniture and fixtures.

In addition to the financial support provided to the consortium enabling it to bid successfully on the contract, Ontario International Corporation will continue to monitor the project and identify future opportunities for Canadian suppliers.

Ontario's Export 80s program will help Ontario firms compete in international markets. Many of the key policy levers in this field, however, are in the hands of the federal government. We are confident that our new initiatives, coupled with appropriate federal responses, can ensure the competitiveness of Canadian exporters in the international marketplace of the '80s. Specifically, we are urging the speedy implementation of the Hatch committee recommendations to provide increased funding, simpler procedures and better co-ordination between Canadian export services and the capacity of Canadian firms.

Financial support for business: A further component of our efforts to strengthen our industries involves financial support for business. On a selective basis, we are prepared to share the risks of capital investment projects to ensure that they go ahead. You are familiar with our two main assistance vehicles, the Employment Development Fund, designed for medium and large firms, and the Ontario development corporations, which specialize in the needs of small business.

The EDF grants support a wide spectrum of industrial sectors which have high employment factors. Its assistance reaches all regions of the province, mainly benefiting Canadian-owned enterprises. Of the grants approved to date, 30 per cent have gone to general manufacturing; 21.5 per cent to the automotive industry; 17.6 per cent to wood products; 8.6 per cent to high technology; eight per cent to textiles; 7.3 per cent to the electrical sector; 3.8 per cent to transportation; and 3.2 per cent to agriculture and food. I will outline funding support for the tourism sector and the pulp and paper industry later.

Regionally, about 40 per cent of the funds have flowed into central Ontario, with the northern, eastern and southwestern regions receiving about 20 per cent each. Canadian-owned businesses have received 60.3 per cent of the funding and foreign-owned firms 39.7 per cent.

In its first year of existence, the Employment Development Fund approved assistance of \$149 million in the manufacturing and pulp and paper industries. This anchored capital investment commitments of \$2.1 billion in Ontario over the next five years. The projects will create or protect some 30,000 jobs.

The mandate of the development corporations is to underwrite, on a selective basis, sound development or expansion plans by small businesses where funding through private institutions is not forthcoming. In 1979-80 the corporations issued 233 term loans and provided 70 loan guarantees, committing a total of \$35.9 million in support of small business ventures.

This year the program has been accelerated. In the first six months of this year offers involving 250 loans and loan guarantees have been provided by the three corporations, committing \$36 million in support of the startup and expansion plans of small and medium-sized Ontario businesses. Nearly 8,000 jobs are expected to flow from these investments over the next five years. New offices have and will be opened and the procedures have been simplified to ensure faster service to viable projects.

All regions of the province have shared in this accelerated activity. In the north, the Northern Ontario Development Corporation has committed more than \$6 million already this year to support 53 business investment ventures. In eastern Ontario, Mr. Taylor, the Eastern Ontario Development Corporation has already committed \$6.8 million to assist 60 firms with their expansion plans.

Mr. J. A. Taylor: We'll get an explanation, I hope. I want to see the colour of your money, Mr. Minister.

Hon. Mr. Grossman: It's blue.

Mr. Laughren: Probably red.

Hon. Mr. Grossman: Semi-red.

Mr. J. A. Taylor: That's the part I want to know about. It will be like the last vestige of free enterprise. That's where I come from.

Mr. Eakins: Based on these figures, you say \$6.8 million for 60 firms. Does this include any of the tourism facilities?

Hon. Mr. Grossman: Yes.

Mr. Eakins: Does that include the updating, the new Tourist Redevelopment Incentive Program? Is that included in that or is that separate?

Hon. Mr. Grossman: That's included.

Capital expansion assistance to smaller manufacturers is a major component of the development corporations' activity. To date, 107 loans providing \$17.1 million in financing have been committed this fiscal year. The initial interest-free and principal deferment aspects of this program have provided a unique blend of equity and debt features.

The program has been particularly successful in leveraging new investment in regions where capital spending has been slow, markets where risks are high, and businesses which are undercapitalized. The \$17.1 millions committed by the corporations already this year will facilitate about \$50 million in private capital investment, nearly three times the loan amount. Investments in the tourism sector will be outlined later.

The largest part of the investment of the corporations will be associated with Canadian ownership and control since the small business sector is largely in Canadian hands. To promote the growth of Ontario's domestically controlled manufacturing sector, additional initiatives have been taken.

I recently announced the Foreign Subsidiary Buy Back Program, which will support Canadians who are prepared to acquire viable foreign-controlled businesses which might otherwise be sold to other foreign interests or be shut down. An expansion of the development corporations' venture capital loan program will enable more entrepreneurs to carry a good idea to its production stage.

A total of \$10 million on an annual basis has been allocated to support management and employee groups who are looking at acquiring foreign subsidiaries in Ontario. Direct loans up to \$500,000 and loan guarantees up to \$1 million are available in those situations where a viable business proposal

exists. The program has stirred considerable interest already and the development corporations are engaged in discussing a number of promising proposals.

The first loan under the new program allowed Bradley-Fenn Enterprises to purchase the assets of Plax Canada Limited of Burlington, a foreign-owned manufacturer of plastic bottles. Two more approved loans are awaiting the borrower's acceptance. Earlier allocations through ODC's regular programs have involved Pioneer Chain-Saw of Peterborough, Lockwood Manufacturing of Brantford, and Central Wire of Perth.

Assistance for research and development: I have spoken so far of marketing and financing. While important, these functions are not sufficient to guarantee business success. Increasingly, our prosperity is going to depend on high technology rather than low costs or tariff protection. Low-wage countries are making inroads into many of our traditional markets and even our home market. Protective barriers are being dismantled.

This necessitates a much greater investment in research and development in this country. It is important to realize, however, that small manufacturers generally are not in a position to establish inhouse research and development facilities. But such companies can benefit from technical development services on a contract basis.

Meeting this need is the mandate of the Ontario Research Foundation. The government has committed \$15.4 million to the Ontario Research Foundation in the past four years. The foundation's 310 research scientists, technologists and engineers completed research and development projects for 1,672 companies last year. Among the success stories: An advanced sewage treatment system for shipboard use developed by Misener Transportation Limited of St. Catharines; a wood panel sealant developed by Norwood Products of Sault Ste. Marie; and a metal oxide spray treatment developed by Daysco Limited of Midland.

8:50 p.m.

In the past year the Ontario Research Foundation has introduced a new service for the textile industry. The computerized pattern-grading and marker-making service increases fabric utilization by one to three per cent, which in some operations could add as much as 50 per cent profit to operations.

My ministry has introduced a financial assistance program to encourage small firms to utilize ORF. We now pay 90 per cent of the bill for technological assessment and planning performed by the ORF or other approved in-

stitutions to a maximum of \$3,600 per firm. To date, 11 firms have been approved, for a total of \$33,371.

We have launched major initiatives to boost research and development in the vital automotive sector.

First, we are establishing an auto parts technical centre at the ORF. This will provide technical information on new materials and techniques, as well as industrial engineering services, materials testing facilities and training programs. I will outline further details of this program when I discuss the future of the automotive industry.

Second, we have offered financial assistance to Chrysler Canada Limited to bring an automotive R and D centre to Ontario. The government will provide half the financing for the \$20 million facility, which will develop aluminum and plastic components for lightweight, fuel-efficient automobiles. I should add that it will also, we expect, be dealing in lightweight steel.

**Mr. Hall:** Do you have a mortgage?

**Hon. Mr. Grossman:** Better than a mortgage. If the company doesn't make it, we own the building directly. We are currently working on the legalities of ensuring that it is not subject to any charge and that it is not brought in under the corporate umbrella of Chrysler in the event they go under.

A third initiative in the area of research and development involves our assistance to the plastics industry in preparing for future demands. My ministry took a leadership role in getting the federal government and two other provincial governments to participate in a study to determine the feasibility of a plastics research institute.

The research for the study, which I announced in February, has been completed and the report will soon be released by the Society of the Plastics Industry in Canada. As part of the study, eight countries were studied in detail to determine what new techniques, products, advanced designs, innovative processes and management training programs could contribute to an advanced technology base for the Canadian plastics industry.

In addition—this is one of our most important initiatives—we are funding Ontario Research Foundation research on the potential application of microelectronics technology to manufacturing processes. The aim of the \$100,000 study is to assess the awareness of the manufacturing industry in Ontario to computer-aided design and computer-aided manufacturing technologies, CAD/CAM, and to make recommendations on the needs of

companies to utilize these technologies. For example, CAD/CAM techniques can permit a company to maintain short production runs with improved efficiency.

If Canada is to continue to be economically self-reliant during the 1980s and beyond, we must devote the kind of money, manpower and resources to the microelectronics industry that we have traditionally devoted to other cornerstones of our industrial base, such as the auto industry, the steel industry and major energy developments.

Announced in June, work is under way and discussions have taken place with over 300 firms in Ontario to assess the extent of their present use of computer-aided design and computer-aided manufacturing. In addition to determining the state of use in Ontario firms, ORF will assess the applications of these technologies in other jurisdictions with similar industries.

A key part of the study will be a review of the capacity of Canadian suppliers of this technology. It is essential, once the need is identified in the manufacturing industry and the applications are known, that we make every effort to ensure that Canadian suppliers can meet that emerging need and capitalize on the growing market opportunity.

In addition to these programs designed to improve our trade performance, provide financial support for investment and promote innovation, the ministry has developed specific measures to strengthen key industrial sectors which affect employment. The automotive industry provides one sixth of all manufacturing jobs in this province. Accordingly both its long-term structural and short-term cyclical problems are of concern.

Canada and the United States are both experiencing similar adjustment problems. For the first six months of 1980, American production declined by 30 per cent, while Canadian production declined by 24 per cent. The import share of the market grew in the United States by 5.2 per cent, while in Canada it grew by 4.9 per cent. This major readjustment of the industry led to similar layoffs in both countries—26 per cent of the auto workers in the United States and 24 per cent in Canada.

As we all know, the automobile industry is undergoing a major readjustment to meet fuel efficiency, safety and emission standards of the future. New components using state-of-the-art materials are required. To satisfy the demand, parts makers will have to develop entirely new products and production techniques. Here in Ontario we have pursued a number of strategies to help the auto parts sector adjust to this reality.



As I mentioned, we are establishing an auto parts technical centre at the Ontario Research Foundation. Employment Development Fund grants to the sector total \$6.6 million, leveraging \$97 million in investment and creating 2,570 new jobs. Ontario Development Corporation loans and guarantees to automotive parts manufacturers over the past 18 months totalled \$5.5 million and created 1,623 new jobs.

This year I led our largest trade mission ever to Sitev in Geneva, the world's foremost automotive exhibition. We are aggressively pursuing European and Japanese investment and have promoted investment by internationally proved parts firms.

We have named Pat Lavelle, former president of the Automotive Parts Manufacturers Association—and former Grit—as our senior representative in Paris. The appointment will enhance the effectiveness of our auto contacts with European investors.

Mr. Hall: He's still a Grit.

Hon. Mr. Grossman: And they accuse us of patronage. Incredible.

Mr. Hall: You had to put that in, didn't you Larry?

Hon. Mr. Grossman: I thought you'd want to know—those who weren't aware.

Mr. Hall: We have our people everywhere.

Hon. Mr. Grossman: Yes—with the brown envelopes.

Our parts manufacturers require more than new investment, however; they also need better market access. Accordingly we have advocated changes to the US-Canada auto pact. We urge an increase in Canadian value added to 100 per cent of Canadian sales, up from the current 65-70 per cent. We believe each auto maker should undertake to balance intercorporate trade between Canada and the US over any five-year period. These changes would require a major increase in Canadian sourcing of parts. They would directly attack our growing parts deficit.

Furthermore, we find it intolerable that vital statistics about the economic performance of this sector are confidential. Figures showing the extent of compliance with the Canadian value-added requirements of the pact should be disclosed to the public.

We support duty remission as an inducement to Canadian sourcing by European and Japanese auto makers. We have urged Ottawa to consider designated importer schemes which provide full duty remission for international firms based upon a combination of parts purchasing and investment in Canada. We will work closely with the industry in the months ahead to identify any further

measures needed to secure the viability of this vital sector.

To strengthen the pulp and paper industry, we have also moved to safeguard an area of traditional economic strength which employs some 19,000 workers in the smaller communities of northern and eastern Ontario. Employment Development Fund grants of \$98.2 million, coupled with federal assistance of \$49.1 million, have levered capital investments for productivity improvement and for pollution control of \$1.28 billion. Eighty-eight per cent of this amount consists of private funds.

The benefits of these grants to six companies will be felt by both the local communities in which the companies operate and the entire general manufacturing sector. Since the investment programs will dramatically enhance the competitive position of this industry in international markets, there will be greater long-term job security for the employees. In six communities the pulp and paper sector employs more than 30 per cent of the community, making the viability of the industry essential to the whole community.

The improved forest utilization and the meeting of environmental pollution abatement requirements will also help these Ontario communities. The 85 per cent Canadian sourcing requirement will certainly benefit the larger Ontario manufacturing community.

9 p.m.

A third sector we are strengthening is small business. Ninety-seven per cent of all businesses in Ontario are small businesses, as are 85 per cent of all manufacturing establishments. Small firms generate 40 per cent of Ontario's jobs, including a quarter of manufacturing employment.

Mr. Hall: Mr. Minister, may I interrupt? Will you at some point define your criteria for small business as opposed to large business? You keep giving us statistics like you did last year and it's rather meaningless. Could you grade it like eggs, small, medium and large, something that we could go on?

Hon. Mr. Grossman: I know your colleague, Mr. Eakins, will have read our very comprehensive publication, which is a policy paper on small business in Ontario. The second or third page contains our definition of small business.

Mr. Hall: Share it with us now, Larry, because you haven't got it in front of you either.

Hon. Mr. Grossman: If you haven't read it, I will bring it to you next time.

**Mr. Hall:** It's a bunch of gobbledegook. You use the term too broadly.

**Hon. Mr. Grossman:** Your colleague, I think, supports our definition 100 per cent.

**Mr. Hall:** I don't understand your definition. It's unclear and to a lot of small businesses that are really small, it is very confusing, I feel. I suggest you would be doing a service if you clarified that description for the benefit of the unwashed who are out there trying to make a living.

**Hon. Mr. Grossman:** John can do it for you.

**Mr. Eakins:** Ours is outlined in our small business act which you refused to bring into the Legislature.

**Hon. Mr. Grossman:** Sure, the Canadian Manufacturers' Association was opposed to it.

**Mr. Eakins:** The CMA thought it was very good.

**Hon. Mr. Grossman:** Do you believe that, John? I will bring the letter from the CMA.

**Mr. Eakins:** I sat around the table with them.

**Mr. Hall:** May I ask for your definition in 1980, Mr. Minister?

**Hon. Mr. Grossman:** We will bring the CMA letter to estimates next time and we'll chat about CMA support for your proposed legislation. Back to the small business sector.

This year we have expanded our programs to provide a complete package of services for small business. I would like to outline our major initiatives.

First, we have expanded the range of firms eligible for Ontario development corporations' financing, which has traditionally been restricted to secondary manufacturing in tourism-related enterprises. Eligibility now extends to businesses in service and technology areas which are looking at export markets and to firms with a potential to replace imports in these areas. Also eligible now are firms which can have a critical economic impact in slow-growth regions and those with important spin-offs for manufacturing and tourism.

A second initiative to help the small business sector was the doubling of financial assistance available through the ODCs to a maximum of \$500,000 in direct loans and guarantees per firm and \$1 million for export support loans. Since the program was introduced in March, 52 companies have received aid to date.

Third, we have introduced a promotional aids marketing program to help finance the preparation of packaging and sales literature for innovative products. Fifty-five firms have been aided to date, for a total of \$360,000.

Our fourth initiative will help small firms sell to the Ontario government. We have created a special marketing-to-government consulting service. In addition, the ministry acts as a troubleshooter for firms having difficulty securing government orders. We have also distributed a government purchasing directory to 35,000 small businesses across the province. This booklet has been requested by other jurisdictions within Canada and abroad. In addition, the development corporations are providing special support to small firms which face considerable obstacles in their bidding and contracting arrangements with governments or public institutions.

Fifth, to further expand small business markets we are actively encouraging foreign owned corporations to source from small firms.

The sixth step expanded the staff for our financial planning model to bring sophisticated computer analysis within reach of virtually every manufacturer in the province. By the end of August, some 33 companies have made use of the computer financial planning model and an additional 43 firms used our financial consulting services. We project that by the end of this year, 250 businesses will have availed themselves of these services.

Seventh, we have expanded our consulting services to small business. We can now offer not only marketing consulting services to manufacturers, but can also provide entrepreneurial consulting advice to businesses in both the manufacturing and service sectors. Almost half the 19,000 field contacts made by our Ontario offices last year involved consultation with small firms about day-to-day business problems. We have allocated additional resources to the provision of financial and marketing advice through professionals at head office.

In addition, we are experimenting with the creation of local boards of successful business people to act as sounding boards for local firms. This would give small companies access to the same calibre of advice as large firms receive from their boards of directors. To date, we have a first pilot project operating in the Kitchener-Waterloo area and are about to set up a second one in the fine community of Barrie. If these two projects are successful, the idea can be implemented provincewide. Orillia is next.

Our ninth small business sector initiative was to promote innovation. We have raised the funding levels under our inventors' assistance and product development programs. Last year 25 entrepreneurs received funds to build prototypes, while 14 manufacturers were

assisted in upgrading their inhouse design capability.

Already this year, loans amounting to \$1.4 million have been committed by the development corporations in support of seven new product ventures under the expanded venture capital program.

To help small business, our 10th initiative formalized our role as advocate for small business, both within government and before other institutions. In addition to acting in the area of government procurement, which I described earlier, we initiated consideration of a policy whereby this government would pay interest on all suppliers' accounts in excess of 30 days. This policy was recently announced by my colleague, the Treasurer (Mr. F. S. Miller), effective September 1, 1980.

This policy change will be especially important for the smaller companies doing business with the government.

Finally, I should mention our highly successful Small Business Management Development Program. This is designed to improve the management techniques of small business in the retail and service sectors with one-on-one consulting by private sector consultants over a six-month period. We have committed \$320,000 to this program and by the end of this year we expect to have taken it to 20 communities across the province and to have assisted some 450 small businesses, primarily in the service sector.

Our programs for the small business sector represent a comprehensive and pragmatic response to many of the concerns of small business. The measures were implemented after extensive dialogue with local business people throughout Ontario.

Dialogue will continue with the small business community and our programs will be further adjusted as needed to keep pace with changing circumstances.

In strengthening specific industry sectors, the tourism industry is, of course, a high priority. Last year tourism expenditures exceeded \$6.6 billion, and a \$1 billion increase is forecast for 1980. The industry generated 624,000 man-years of employment in 1979, and produced \$1.2 billion in provincial tax revenue. The tourism industry is second only to manufacturing in terms of employment and tax revenues.

We are actively investing in the development of the tourism sector. The Tourism Redevelopment Incentive Program, TRIP, begun last year, guarantees loans up to \$500,000 and provides interest rates subsidies equivalent to five per cent.

Since its inception, the Employment Development Fund and the development corporations have committed \$12.6 million to 34 projects involving more than \$26 million of expenditures on upgrading or expanding tourist facilities in Ontario. In addition, the development corporations have directly invested more than \$4.7 million to assist 56 smaller tourist operators across the province to upgrade and expand.

In addition to funding, we co-operate with the private sector and other levels of government to develop new theme attractions. For example, Canada's Wonderland, set to open next spring, will be a much-needed addition to Ontario's tourism plant. The ministry has played a key role in the planning for Timbertown, the proposed amusement park based on the logging days of the Ottawa Valley. And continued funding of Ontario Place, a crown corporation, has resulted in a world-class attraction which drew nearly three million visitors this year, making it the fifth most attended attraction in the world.

Last year the government concluded a federal-provincial agreement with the Department of Regional Economic Expansion for the development of eastern Ontario. The \$4 million tourism component of the agreement is designed to stimulate private investment and create world-class attractions and facilities. Ontario shares costs with Ottawa on a 50-50 basis.

In spite of the new program, the Ontario tourism industry currently receives only two per cent of the total funding provided under federal-provincial tourism agreements. We are actively seeking further DREE agreements to cover other parts of the province and provide additional funding.

9:10 p.m.

Significant investment will be required to bring many of our facilities up to world-class standards. A new grading system, to be operational by the spring of 1982, will provide a substantial incentive to improve accommodation facilities. Developed with the ministry's help, the system will be operated by Tourism Ontario, the umbrella organization of provincial tourist associations. The development corporations will be actively involved in providing financial assistance when implementation begins this fall.

Grading will give the consumer a better idea of what to expect. It will also benefit the travel trade by providing a bank of information on the accommodation inventory. We are pleased that the industry, through



Tourism Ontario, has undertaken to operate this program. We privatized it.

In order to improve the quality and choice of tourism facilities, the ministry will provide financial assistance for upgrading projects through TRIP and ODC lending programs. We are completing a series of destination zone studies to identify opportunities in the range of facilities available in various parts of the province. This research is part of the Framework for Opportunities program to identify opportunities for development in the tourism sector. I believe we are carrying on one of those studies in the—

**Mr. Eakins:** In one of the finer parts of Ontario.

**Hon. Mr. Grossman:** In one of the finer parts of Ontario—underrepresented on the government's side from time to time, but none the less—

**Mr. Eakins:** One of the finer members

**Hon. Mr. Grossman:** None the less John Turner is a great man.

**Mr. J. A. Taylor:** Be gracious.

**Mr. Eakins:** He is so great he is not even here.

**Hon. Mr. Grossman:** He is out with his constituents this evening, John.

As part of our investment in the tourism sector, we are funding a study of the Ontario Tourism Association Program. The present program sets out jurisdictions and funding formulae for the 12 tourism associations across the province. By soliciting the opinions of 100 members of each association, we want to determine whether the present funding level is correct, what the most efficient boundaries would be, and what private sector funding contribution should be. This study is part of our initiatives to help the tourism sector capitalize on the growing tourism market in the most efficient way.

The development of four-season destination resorts is another priority for future markets. Last year the ministry helped fund market research for the proposed resort at King Mountain and Searchmont near Sault Ste. Marie, which would offer a full range of summer and winter recreation. Mr. Wildman supports that, no doubt.

We are also considering proposals for developing the Blue Mountain-Craigleith area, and activities in the Georgian Lakes area, at the request of my parliamentary assistant, to name just a few.

**Mr. Riddell:** Where does Minaki Lodge fit in?

**Hon. Mr. Grossman:** It is here somewhere. We will get to it.

Interjections.

**Mr. Hall:** Just do not assume any mortgages.

**Hon. Mr. Grossman:** That is planning for the future. It is in the future. It is.

Attracting new investment: Mr. Chairman, let me now turn to our efforts to attract new investment, the second element of my ministry's overall growth objectives.

Investment is the engine of economic growth and the ultimate source of jobs. Last year before this committee, I spoke of the need to meet the intense competition from the United States jurisdictions for investment dollars. I spoke of the Employment Development Fund and described our promotional campaign to raise the awareness of decision-makers about the advantages of an Ontario location.

These programs have continued in the past year. But today I would like to concentrate on the type of foreign investment we are seeking, and indeed on our objectives for existing subsidiaries.

As tariff barriers fall during the 1980s, the branch plant will become increasingly obsolete. Subsidiaries originally established as miniature versions of the parent company to produce for the Canadian market will evolve in one of two directions. The parent firm may repatriate the branch plant assets and service the Canadian market from head office, or the firm can reorient the subsidiary towards specialization in a limited range of products with economies of scale to compete in world markets.

My ministry emphatically supports the latter approach, known as international or global product mandating. This mode of operation offers potential benefits not only to the foreign-owned firm but also to the Ontario economy.

Subsidiaries with product mandates perform the full range of corporate functions for that product, including research and development, design, production and marketing. This contrasts with the structure of the branch plant, where research and development and marketing functions are often removed to the parent company.

Global responsibility also implies an increase in export activity. Branch plants, on the other hand, are often precluded from exporting because their products would be competing with identical goods from the parent company.

While the subsidiary would continue to import other product lines, the export activ-

ity under a product mandate would facilitate the achievement of balanced trade between the parent company and the subsidiary. Increased Canadian sourcing would also improve trade performance, and is a practice we urge companies to adopt.

This spring we appointed a task force to advise us on implementing international product mandating in Ontario. Headed by Lorne Lodge, chief executive officer of IBM Canada, the group comprises senior executives from firms already involved in mandating. It will devise objectives for a provincial mandating strategy in terms of increased exporting, improved research and development performance, enhanced Canadian sourcing and balanced trade. The group will also propose measures for encouraging foreign-owned firms to move into the product mandating mode.

We expect the insights of the task force to help us not only to persuade existing subsidiaries to achieve mandating, but also to attract new investment. We can lure new foreign investment even more successfully on the basis of our attractiveness as a site for subsidiaries with global product mandates.

Another program to attract new investment is the promotion of Ontario as the profit centre. The ministry met the competition head on in the battle with state governments to lure investment dollars to Ontario.

Our objective is to augment the ministry's extensive foreign office network with the sales materials required to communicate effectively Ontario's message to key international investors. The investment lure book, The Profit Centre, introduced earlier this year and into its second printing, is now supported by the fact books. Twelve fact books each highlight in detail elements of The Profit Centre.

**Mr. Eakins:** What is the second printing? Is it still \$9.75?

**Hon. Mr. Grossman:** It is cheaper than the first one.

**Mr. Eakins:** Is it cheaper?

**Hon. Mr. Grossman:** It is much cheaper, but more attractive. It is hard to believe it could be more attractive.

**Mr. Eakins:** How much is the second one?

**Hon. Mr. Grossman:** I do not have the costs. We will have that for you.

**Mr. Eakins:** Will you provide it for us?

**Hon. Mr. Grossman:** Absolutely.

**Mr. Cooke:** Does that mean we get the second series books too?

**Hon. Mr. Grossman:** Yes. We have made sure we included some municipalities we left out the first time.

**Mr. Cooke:** Is the committee going to get copies?

**Hon. Mr. Grossman:** Of course.

**Mr. Cooke:** I would point out this is the first time you have done anything. Certainly in tourism you do not promote our area and it is our second largest industry.

**Hon. Mr. Grossman:** We are always looking after your area and we get no thanks for it.

**Mr. Cooke:** That is because we force you.

**Hon. Mr. Grossman:** Mayor Bert Weeks appreciates it. You do not.

**Mr. Cooke:** I know what he really thinks about you.

**Hon. Mr. Grossman:** I know what he really thinks about you.

Subjects range from market statistics to details on transportation, natural resources, energy and taxation.

I should mention that The Profit Centre has been well received by the investment community here and abroad. Ten thousand copies have been distributed around the world. The interest expressed in foreign markets has led us to develop The Profit Centre in French, German and Japanese.

To lure investment, last year we specifically encouraged automotive parts manufacturers in Japan and Europe to choose Ontario as the site for their plants. Ministry staff approached all major foreign manufacturers, selling the advantages of Ontario resources, work force, prepared sites, transportation and taxation policies.

As part of the ministry's emphasis on promoting investment, we are determined to foster closer relationships with Ontario municipalities and their industrial commissioners who are our partners in industrial development. We have, through the Ontario Industrial Development Council, sponsored scholarships at the University of Waterloo leading to the certified industrial developer designation. I am pleased to report that during this past year we sponsored 16 professionals at the course.

9:20 p.m.

In pursuing the development objectives of their individual municipalities, more and more of our Ontario industrial commissioners are active internationally. Because of

this, we must make every effort to see that they are well informed and effective.

The film industry also provides an investment opportunity. Ontario is the third largest film-producing centre in North America.

We predict that 1980 will be an excellent year. Thirty million dollars in features have been completed to date and another \$50 million is planned between now and November. An additional \$60 million will be spent to produce commercials. Television productions will contribute another \$80 million. These figures, by the way, do not include the production of short, training or documentary films.

One last point: If we are to use the number 70 as the rule of thumb—which it is—to average the number of jobs directly involved in a feature film production, then for 1979 1,800 were created by Ontario-based production. This figure, of course, does not include related service industries employed by these productions.

We will continue our program to sell Ontario as the place to make movies. We will promote the tax advantages, the diversity of locations, the high quality of production services, and the ministry's location assistance to key international film producers.

Preparing for the future: Not only must we strengthen our existing industrial base, we must lay the foundation for prosperity tomorrow—that is a good campaign slogan, now that I think of it. Accordingly, our third major program thrust is to prepare Ontario's industry for the future.

I would like to talk about six key opportunities of the future which will affect employment and the business climate: microelectronics, biotechnology, the megaprojects, the new world car, the future tourist and energy products.

Let me briefly describe our initiatives in each of these sectors.

**Microelectronics:** We are on the verge of an area of social and economic change virtually unparalleled in our history. A major new technological force is emerging, microelectronics.

For example, the range of possible microelectronic applications over the next 10 years includes interactive television, personal computers, voice recognition typewriters and machines, computer-assisted learning and integrated medical and data systems.

Industrial applications of computer-aided design and computer-aided manufacturing will be critical. Use of industrial robots is increasing in many parts of the world. More

than half the world's manufactured goods are expected to be produced with automated parts making and assembly operations by the year 2000.

These developments have profound manpower implications. Perhaps one third of existing jobs will be affected by 1990. Severe shortages of skilled information workers such as software designers and programmers are conceivable.

My ministry has taken two major actions to determine the opportunities and ensure that Ontario benefits from them.

First, we are funding the Ontario Research Foundation in a \$100,000 study of existing and probable uses of microcomputers in manufacturing operations already mentioned.

Our second initiative in this area was the establishment of the task force on microelectronics, comprising private and public sector experts, to make recommendations for maximizing the benefits to Ontario industry and society of technological change in this vital area. Dr. D. A. Chisolm, of Northern Telecom Limited, heads up the task force, which will report within one year.

Seventy per cent of Canada's electronics industry is located here in Ontario. Despite major successes in fibre optic technology, satellite communications and interactive television systems like Telidon, the industry is not strong enough. Last year the sector encountered a \$2 billion trade deficit, while total shipments reached only \$3.5 billion. If the present trend continues, the deficit will grow to \$9 billion in current dollars by the end of the decade, meaning a sacrifice of more than 100,000 potential electronics jobs for Canada.

The task force will also be looking at ways to promote the growth of the industry through increased research and development and better penetration of domestic and export markets.

Since my July announcement, the composition of the task force has almost been finalized and my ministry has committee staff support to help accelerate the project. An extensive literature search has already been completed, interviews held with a number of key people in the business community, and a method of data collection has been developed with the chairman, to be used with university and research specialists, microelectronic suppliers, Ontario manufacturers and key world leaders in this area. We are currently studying other initiatives in the microelectronic sector pending the report of the task force.

**Biotechnology:** Biotechnology is an industry of the more distant future. In essence, it is



the manipulation of bacteria to provide products and services. The commercial prospects of this emerging high technology are reputed to rival those of microelectronics.

Micro-organisms have long been used to produce beer and cheese, for example. What is new is the ability of scientists to tailor ecological organisms to specific needs.

Many existing industries could be affected by biotechnology through the creation of new products or the replacement of existing products and processes. We are moving toward a number of potential industrial applications. For example, insulin produced by genetically engineered bacteria is being tested. Bacteria have been developed which eat oil spills. Microbes may be able to accelerate the recovery of oil from the tar sands. Bacteria may be used to decompose plastic and mine copper from low grade ores.

My ministry is actively considering proposals for acquiring research capability in this new and exciting field so that our industries can be in an early position to seize this massive market opportunity.

**Megaprojects:** In the immediate future, western Canadian megaprojects potentially offer an unparalleled stimulus to economic growth. Canada anticipates total capital expenditures of \$200 billion on major oil and gas related projects in the next 20 years and an additional \$32 billion on electrical generation projects during the 1980s.

These projects can have spectacular spinoffs for the rest of the economy, benefiting a wide spectrum of sectors from finance, trade and services to manufacturing and processing. In particular, the megaprojects will generate a tremendous demand for capital goods ranging from pipe to construction equipment. The expertise acquired and technology developed through the projects could provide the foundation for a future export thrust.

The question is will the capital goods orders go to Canadian manufacturers or, as has happened so often in the past, to foreign suppliers? Unless positive action is taken, foreign firms will likely land a sizeable share of the contracts and the industrial benefits will leave Canada.

To maximize the benefits of these products for our industry, provincial governments and agencies must change their purchasing policies. My officials and I have devoted a great deal of effort to seeking interprovincial co-operation on this vital issue.

**The world car:** We are also preparing for the future of the automotive industry. Studies indicate that the automobile will, of course, remain the dominant form of transportation

for many years to come, but the cars we drive tomorrow will be radically different from the cars we drive today. This will have profound implications for our auto industry.

The shift in North American consumer tastes toward small vehicles means that the same type of car will soon be sold around the world. Parts and components for this world car will come from world-scale parts manufacturers supplying an international market.

The export market for vehicles and products made in North America is the area of largest potential growth. The developing countries will require, over the next 20 to 25 years, rugged, fuel-efficient vehicles. Some studies indicate their requirements could reach 10 million vehicles annually by the year 2000.

The emerging world car will have fewer components but it will reflect state-of-the-art technology. To produce lighter-weight, more fuel-efficient vehicles, the auto makers will rely on new materials like plastics, aluminum and high strength light steel.

Ontario has a competitive edge in all of these materials. Our plastics producers enjoy one of the most secure supplies of feedstocks in the world, while our aluminum producers benefit from abundant and relatively low-priced electricity. Our steel industry, one of the most efficient and modern in North America and perhaps the world, has the capacity to serve the auto market with the new lightweight, high strength steel that will be required.

But Canadian parts manufacturers will have to increase their expertise in working with these materials and in developing new processes. The auto parts technical centre we are establishing and funding at the Ontario Research Foundation will help them to do this. Technical innovation will be the key to success in the emerging world car market.

9:30 p.m.

The mandate of the centre will be to provide Ontario's auto parts manufacturers with technical information on new products and production techniques, industrial engineering services, access to a materials testing laboratory and training programs to upgrade the technical and production skills of the industry. We have directed the ORF to meet with auto parts manufacturers throughout the province to identify the full range of services we should be offering through the technical centre and to determine the levels of funding that will be required for its full operation.

Since we announced the study in May, ORF has interviewed over 60 major Ontario companies accounting for 70 per cent of the industry's output. This review has given us

a practical indication of what services the centre should provide and what areas of research are necessary for the industry. Once the interviews are completed and the design of the centre developed, the auto parts technical centre will be established and operational by early 1981.

The initiatives, I think, show our commitment to ensuring that the Canadian auto industry is well positioned to succeed in the changing environment of the 1980s and 1990s.

The future tourist: Present world trends indicate that tourism will be the world's leading industry by the year 2000. Futurists also predict this position for world tourism. This increased volume will dictate many changes in the next two decades. With an increased tourism market of \$120 billion in the next 10 years, we are taking steps to ensure that Ontario achieves this objective while at the same time maintaining its 51 per cent share of the Canadian tourism market.

Sophisticated market data arms the tourism industry with essential trend information in order to plan now for the tourist of the future. My ministry has just joined with major North American private sector companies in an extensive research project to identify the needs and desires of tomorrow's tourist from all parts of the world.

We are the sole government jurisdiction participating in this long-range investment in our tourism sector. The results of this study will have a major impact on the facilities and attractions of Ontario in the future.

**Mr. Hall:** How much money are you spending on that?

**Hon. Mr. Grossman:** We will get to that.

With the information already available the industry must anticipate the need for four-season destinations; world-class five-star resorts and hotels; bed and breakfast accommodation; package tours; theme attractions; business and convention services; manpower in all phases of the hospitality industry; less costly, more energy-efficient means of transportation; vacations geared to elderly travellers and single travellers; shorter holiday packages; and perhaps farm vacations.

**Mr. Eakins:** Did you say "perhaps farm vacations"?

**Hon. Mr. Grossman:** I am ahead of you.

**Mr. Eakins:** You should check Hansard for what you said last year.

**Hon. Mr. Grossman:** I included it, I said it right here. I remember well what I said last year. We did what we said we were going to do. Look at our materials. We did it. Your

colleague will tell you that. We put money and advertising time into it.

**Mr. J. Johnson:** I have marked it in the book that the farm vacation program is the item you have missed.

**Hon. Mr. Grossman:** My ministry and I will continue to work with the industry to identify the opportunities of the near and long-term future.

The increase in worldwide mass travel requires the close co-operation of the travel trade which our offices in New York, Chicago and Los Angeles will facilitate in the United States and our offices in London, Paris, Frankfurt and Tokyo will facilitate in the offshore foreign markets. This market is being developed through personal contact with the carriers, wholesale tour brokers and travel agents and by publications such as the Travel Agents Manual and the Traveller's Encyclopaedia in the following languages: French, German, Dutch and Japanese. In addition, there has been a significant expansion of trade and consumer promotion and advertising.

For the future we need new facilities to enhance our appeal to the meetings industry, which is one of the largest tourist markets. My ministry has played a key leadership role in co-ordinating the development of a convention centre for Metropolitan Toronto and for Ottawa by bringing together the three levels of government and the private sector.

I have already announced the Ontario government's intention to provide funding of up to \$27 million for the Metropolitan Toronto centre. In order to assess where further funds could be located and to advise on the best location of the centre the government appointed a task force headed by Mr. John Bassett to report on recommendations. He is a prominent Torontonians. This task force has been reviewing various proposals and I anticipate a report from them in the immediate future in order that we can proceed with the centre.

But meetings facilities must go beyond major cities. Smaller facilities across the province can be adapted and new facilities built to take into account the growing business meetings opportunities. We know that over 1.2 million people participate in some 25,000 corporate meetings or conventions in this province each year. This represents a growing new market for the tourism business.

Part of the lure for the world-class business meeting traffic will be Minaki Lodge—

**Mr. Eakins:** You must be tired.

Mr. Hall: You choked on that word, Larry.

Mr. Eakins: Who wrote your speech?

Hon. Mr. Grossman: I wrote every word myself.

Part of the lure for the world-class business meeting traffic will be Minaki Lodge and the northern Ontario experience. As I announced this April, Minaki Lodge will open to the public—I promise—in the spring of 1982 under the management of Radisson Hotels.

Initially operating for a 140-day season, this wilderness destination will ultimately become a year-round, world-class recreational meeting facility and family resort—

Mr. Nixon: He figures he will be out of the ministry by then.

Interjections.

Hon. Mr. Grossman: You will eat those words.

We are investing an additional—

Mr. Hall: You know you are never going to get your money back.

Interjections.

Hon. Mr. Grossman: You will all be eating crow. I'm going to serve you all crow in two years.

We are investing an additional \$12 million to \$14 million to bring Minaki into operation.

Mr. Hall: That's seed money.

Mr. Laughren: What's the total now?

Hon. Mr. Grossman: I will have to get that figure for you. It must be up to \$600,000 or \$700,000 now.

When completed it will compete in North America and Europe as a unique, quality resort facility. In fact, we are already receiving booking inquiries for 1982.

Manpower in the hospitality industry is a key concern for the future. Facilities and attractions for the future tourist will require well-trained, adequate numbers of manpower. With the growth expected and the demands of tourists for first-class service, the hospitality industry is an excellent opportunity for future jobs in Ontario. Last year an estimated 6,000 jobs went unfilled in Ontario, while 5,000 new jobs are created annually.

To help this province meet that challenge my ministry, in conjunction with the Ministry of Colleges and Universities, set up the Ontario Hostelry Institute to improve skills training in the hospitality industry.

The introduction of new technology will create opportunities in the tourism industry of the future. My ministry wants to make sure that Ontario benefits from this new technology and utilizes it to promote our tourism

product. We are working with the private sector to assess how to implement computerized reservation systems across the province to bring this consumer service within reach of all facilities and not just the larger, multinational chains. We are currently studying the feasibility of such a system which could be accessed by travel agents, accommodation operators and regional information centres.

We are also working with the industry to provide a much-needed computerized data base—Does it say data in your copy? Mine says date base; I can be arrested for having a computerized date base—computerized data base to assist the industry in making better business decisions faster.

With continued co-operation between industry and government, I foresee a future of rewarding recreational experiences for our citizens and visitors and high financial returns for investors, operators and the people of Ontario.

9:40 p.m.

Finally, energy product opportunities: Raising energy costs and the search for new alternatives will create major new business opportunities in energy efficient products and technology. The potential market for these new products and processes will amount to hundreds of millions of dollars. The export and employment potentials are also significant. Already, estimates show a \$300 million North American market in solar applications alone in the next year.

To help Ontario's industry identify and seize these opportunities in the future, we established an energy projects group within my ministry this year.

New technologies will be required in major fields such as transportation and the manufacture of alternative fuel. Consumer and industrial interest in energy-saving ideas will enable Ontario companies to capitalize on these opportunities. But new technologies and implementation of energy conservation measures often require front-end financing which is often not feasible for an individual company. By providing a resource of information on the present technologies and by making funding available through a new joint program with the federal government, the ministry is actively helping Ontario businessmen develop and market new energy-saving ideas.

Under the program, \$58 million is available for demonstration projects which help develop, demonstrate or promote the use of promising new technologies for both energy conservation and renewable energy.



I believe our programs are well designed, but to be effective good programs must be accessible to the people they are designed to serve. We are striving to make business people aware of the existence of our programs and where to turn for details.

Through a network of 17 industry offices, 18 tourism offices and 11 Ontario Development Corporation offices, the ministry maintains regular contact with local business communities. We have expanded our network of foreign offices from seven to 10 with the opening of Dallas, Atlanta and Hong Kong offices.

All our Ontario offices are equipped with toll-free inquiry lines. We are now publishing the Ontario Business News every month and have expanded Ontario Tourism News to reach more of the tourism business community.

As a freedom of information initiative, we have established an information centre in Toronto with one-window service for inquiries, ministry background papers, reports, feasibility studies and business-related information.

**Mr. Laughren:** All that through one window.

**Hon. Mr. Grossman:** Absolutely. It's a big window.

Communication in our view is a two-way process. We are anxious to learn what business needs and expects of us. The field offices provide direct feedback from the companies. Our analysts consult with trade associations in the course of research and policy development. Senior officials, including myself, are out around the province an average of one day a week.

I have tried to highlight our activities to strengthen the industries of today, to ensure investment for Ontario and to build the industries of tomorrow. These are the types of activities necessary to ensure a strong industrial and economic future in the decades to come. I have tried to show today, too, the specific results of our new programs, an excellent record we believe but we do not take that record for granted or intend to stop there.

In closing, I would like to outline my optimism in the future of this province and its economy. Ontario is entering a critical period as is the rest of the industrialized world. We are competing in a world market for manufactured goods, services, investments and tourism dollars.

I believe that this period of adjustment can present us with opportunities to grow if we seize the opportunity. All provinces,

all countries, are undergoing a massive re-adjustment. I believe that Ontario businessmen and the Ontario government can demonstrate the kind of leadership which has traditionally given us solid growth on this continent.

I have outlined my ministry's objectives to capitalize on this province's strengths and to prepare our industrial base for future opportunities. Good leadership and the foresight of investment on the part of both government and the private sector will make this growth materialize.

**Mr. Laughren:** It's hard to be humble.

**Mr. Riddell:** Now we can all retire to the outhouse with the Grossman catalogue.

**Hon. Mr. Grossman:** There's more to come.

**Mr. Chairman:** With a detailed report like that I didn't think there would be any questions to be asked. However, the Liberal critic, Mr. Eakins.

**Mr. Eakins:** Mr. Chairman, I will not take too long. I regret that the ministry estimates are cut from some 20 hours to 13 hours, which does not leave us much time really to go into many of the areas that we would like to. I do want to make some general remarks on the area of tourism and my colleague, Mr. Hall, will look after the industrial end.

Separating this shows a commitment to the tourism industry which we feel is required because, as the minister has pointed out and I have pointed out many times in the House, it is the second largest industry in Ontario. It is a \$7 billion industry at the present time, perhaps larger than that this year.

For the economy of the province, it employs something like half a million people and we feel that it is one area that requires some extra consideration and we do not think it should be just lumped in and given short shrift as it often has in the past.

I know there are those, Mr. Minister, who feel, "How quickly can we get through tourism so we can get to industry?" We don't feel that way. We feel it's one of the important industries in this province and it should be given the profile and priority that its importance deserves.

I'm pleased to make some remarks here and I would like to come back during the votes, perhaps this year. With the co-operation of our New Democratic Party colleagues we might even discuss this first this year but we can discuss that at a later time.

I noted with interest many of the remarks which you have made in regard to the tourism industry and I suppose we might say

that, from an economic standpoint, tourism has had an acceptable year in the province, perhaps not an outstanding year, but due to a very good season, especially in Metro Toronto and many of the other major centres in the province, it was as an acceptable year. In fact, it was probably the saving grace of the province this year and could be a sign of things to come.

**Hon. Mr. Grossman:** It was an outstanding year, not an acceptable year.

**Mr. Eakins:** We do not have all the information yet to tell us whether it was or not.

**Hon. Mr. Grossman:** You couldn't get a reservation anywhere in Ontario.

**Mr. Eakins:** I don't think your ministry has really established whether it was an exceptional year or not. I would like to refer to a conference of the future which was held earlier this year in Toronto.

It was predicted that by the year 2000 tourism, which is currently one of the fastest-growing industries in the world, will also be the largest. For a province that has suffered declines in many other sectors of its economy, tourism could and should become increasingly more important.

Ontario's progress can no longer be taken for granted. Ontario has been described as the troubled giant of the Canadian economy. Long the dynamic industrial and financial heart of the country, recent reports show that the economic health of the province is now uncertain and, in many ways, faltering. The 1980s could be a period of unprecedented success and prosperity for this province and tourism could play a premier role in the revitalization of Ontario.

We have here a rare combination of highly educated people of industrial sophistication and experience, productive food land and resources which are the envy of most of the world. We can provide technology, resources, research and farsighted planning to the world. In many areas we could be world leaders.

One of the first challenges of the 1980s in Ontario, as I see it, will be the construction of a major convention centre in Metro Toronto, which you mentioned and which, as you know, we strongly support.

This is particularly timely right now as a tax treaty has finally been drawn up to exempt Canada from the United States' restriction of tax deductibility for conventions held outside the United States. For several years now we have been asking you why this project has been delayed. We gave you evidence—

**Hon. Mr. Grossman:** It is the federal government, John.

**Mr. Eakins:** No, it is not just the federal government. The federal government has made its commitment.

9:50 p.m.

**Hon. Mr. Grossman:** I have the report in my hand, John, in case you were wondering—in my hot little hand this evening I have the draft report of the committee.

**Mr. Eakins:** We gave you evidence of a number of very large organizations that simply could not hold their conventions here owing to lack of space, and of other organizations that have held their conventions here that have stated they would not be returning because they had to be bused between various centres owing to space restrictions. These are the kinds of organizations that bring millions of dollars of revenue to the province.

By the Tax Reform Act, 1976, the United States limited the tax deductibility of expenses for conventions held outside the United States to two per year. It has been estimated that the cost to Canada of that measure has been something around \$300 million over the past three years. Finally, a new tax treaty has been signed by Canada and the United States that would exempt Canada from that restriction; however, the treaty is still subject to the approval of the legislatures of both countries.

I understand that opposition by some United States senators to the tax treaty is mounting. They would like to see Canada drop its legislation, which denies tax deductibility to Canadian advertisers using US border TV stations to promote their products. United States border broadcasters have lobbied so effectively in the past by measures such as private members' bills, sponsored by Senators Goldwater and Muskie, that they have managed to thwart all efforts at relieving Canada from the convention restriction.

I will be asking for the minister's comments on this because I have always felt that the two issues should not be linked. The denial of tax deductibility for Canadian advertisers was intended to protect and enhance a culture, whereas the denial of tax deductibility for foreign conventions was intended to prevent abuses of the American income tax system.

The ratification of that tax treaty has some obvious implications for convention business in Canada and, along with it, the need for a major convention centre. However, I remind the minister of the fact that

the organizations that would use the major convention centre would be so large that they would already have enough Canadian content in their membership to justify holding a convention in Canada whether or not the new tax treaty is ratified. I understand that even 10 per cent Canadian membership is enough incentive to hold a convention in Canada.

In any event, the other two levels of government, federal and municipal, and the business sector have made their intentions known. Everyone now is waiting for Ontario to announce their full intentions. I ask the minister when the report, the studies and the committees will be finished and whether his government will be prepared to give its commitments to this project.

I have one final comment on this section. Most of the larger organizations book their conventions well in advance, often about four or five years ahead. There is no point in having this major facility built and standing empty. The marketing of the centre must begin now. I would urge the minister to come to a decision in order that the wheels can be set in motion to sell the centre and to commence construction as soon as possible.

I mentioned earlier that because of fairly successful seasons in Metro Toronto and certain other centres, the province as a whole has had an acceptable year in tourism terms. I don't feel that this was the case for all regions of Ontario, but we are willing to hear your report on this during the estimates.

A recent report in the Financial Post stated, "Ontario, which is the bellwether province because it makes up half of Canada's travel business both coming and going, is having a mixed year." Judging from preliminary reports I have received from various tourist operators I would tend to agree with that assessment. It appears to me that the well-managed operation that depends in large part on repeat customers fared well this year. In fact, those types of operations are, in a sense, more recession proof. I also do not think ministry advertising programs make as much difference to such operations.

On the other hand, the facilities that tend to go up and down with travel trends may have been happy to break even this year. Those are the operations that I feel could benefit from good ministry promotion.

This brings me to the perception of the success of the ministry's advertising efforts this year. If there was an increase in visitors and/or dollars of revenue, I would like to know how much of that increase the minister thinks is due to his ministry's promotional efforts and

how much to other factors, such as the exchange rate, the price of gasoline and the economic recession in general—factors which have kept Ontarians at home over the past couple of years.

The minister is aware of the effect of a very successful promotion next door to us in New York state. The fact that the merits of such a program can reverse the slide of a deteriorating economy, as it did in that jurisdiction—the "I Love New York" campaign was the second most popular advertisement on American television stations—

**Hon. Mr. Grossman:** Right after "Ontario—Yours to Discover!"

**Mr. Eakins:** After the Coca-Cola advertisement.

**Hon. Mr. Grossman:** Is that right?

**Mr. Eakins:** It brought into the state of New York \$4 for every \$1 that was invested in the program—that is the true measure of success.

A few years ago in its reports, your ministry established a chart that indicated Ontario's return on the advertising dollar. It was a fairly crude estimate, which I believe was obtained simply by dividing direct tourism receipts by advertising expenditures. But it at least provided us with an indication of what value we were getting for our investment.

I would be interested to know whether or not the ministry still measures our advertising investment in that manner. If not, I would suggest to the minister that we need a method by which we can assess the achievements of the ministry's promotional efforts.

I might just suggest to the minister that success, to me, would be the elimination of our tourism deficit—which I suppose at this time stands somewhere close to \$500 million.

**Hon. Mr. Grossman:** Maybe a little bit below that.

**Mr. Eakins:** Four hundred and ninety-seven million dollars?

**Hon. Mr. Grossman:** In the last year we have succeeded in denting it to the tune of about \$100 million in this province alone.

**Mr. Eakins:** That's good. We like to see our operations in the black.

**Hon. Mr. Grossman:** That is a 20 per cent improvement.

**Mr. Eakins:** I want to comment briefly on the report of the Liberal task force on tourism since two and a half years have now elapsed since its release. I feel there are some matters that have not been dealt with by the government which could have improved the tourism product in our province.



You have chosen not to realign the ministries—to couple Tourism with the tourism aspects of other ministries. You have, however, elevated the position of the director of tourism to assistant deputy minister; I commend your appointment of John Maxwell to this position.

I have always had excellent co-operation from Mr. Maxwell. I feel he's a good man at the right time; I have great respect for his work. But does he have the power to represent the tourism sector when other ministries are making decisions that affect the tourism industry?

How much influence did you have over the Minister of Natural Resources (Mr. Auld) when he was making changes in the fishing and hunting regulations? How much influence do you have on the Minister of Consumer and Commercial Relations (Mr. Drea) when he makes decisions about when and where tourists in Ontario can consume alcohol, for instance? This is something that has been known to play a very important part in some other tourist activities.

It just shows that the Tourism ministry is responsible to 14 other departments, that it is very much spread over other ministries. Does the minister really have input into those ministries to make the problems of tourism known to them?

Also, what influence does the minister have on the Treasurer, for instance, when he decides that a meal costing more than \$6 is a luxury to be taxed at 10 per cent? This is the only area in which a 10 per cent tax is applied. Yet we have noticed you can buy a fur coat and tax is charged at only seven per cent. We feel that the minister should have some input with the Treasury in this regard.

The question is, while you have elevated that status of the tourism spokesman in your own ministry, have you managed to give tourism a higher profile in the eyes of your government? Is tourism effectively represented to all other ministers who are still making decisions which are having profound effects on the tourism sector?

One of the premier challenges of the 1980s is the threat to the tourism sector posed by acid rain. I know it is the responsibility of the Minister of the Environment to come to grips with this problem, which certainly is not contained within the boundaries of Ontario. Rather it is an issue of federal and international scope. But that should not shut this ministry off from contributing the ongoing examination of acid rain, its effects and its prevention.

10 p.m.

Never was an industry more seriously jeopardized by the consequences of acid rain than tourism. Last year the minister told us that studies were being done by the Ministry of the Environment and hoped that this year he would be able to tell us what input his ministry has had into those studies on behalf of the tourism industry in Ontario.

I have one final thought on tourism in the 1980s. Recent statistics have indicated that not only are Ontarians spending more on tourism, they are spending an ever-increasing share of their disposable incomes on tourism-related activities. That has two implications for our tourist sector: We will either benefit from the increased spending if we can keep Ontarians travelling at home; or our provincial tourism deficit, which is still close to half a billion dollars—perhaps less this year—will get even worse if Ontarians take their extra dollars elsewhere, which they will do if we do not provide an attractive enough vacation here.

The choice is ours. Will Ontario be poised to take advantage of the rapidly expanding market? Will we have the policies in place to enhance the operation of our own tourism sector? Finally, will tourism be afforded the stature in the eyes of this government of an industry that, if given proper regulation, could restore Ontario's position as a leader in economic development in Canada?

There are a number of other areas I will want to discuss as we get to the votes.

You talked in some fashion about the Ontario Hostelry Institute, which I think is a very important area. I hope as we go along that you will enlarge upon that. As you mentioned, there is a great shortage of skilled help in the hospitality industry. The hostelry institute is a step in the right direction. I would like to know what they are doing, what part they are playing in the training for the many jobs, such as for chefs and staff in the other areas they are involved in. I would like to be brought up to date on that.

You touched on "Discover Ontario." I wonder if that is replacing the "We Treat You Royally" campaign. While "We Treat You Royally" was a good theme, I think the important thing is in the training—the "We Treat You Royally" button doesn't mean anything unless you have the training.

If we are going to present tourism as an attractive package to many of the people visiting this province, we are going to have to make sure that this program is not a one-shot deal or a two-year deal. It has to be ongoing. There should be sufficient funding

set aside to make sure that the "We Treat You Royally" campaign is not replaced by "Discover Ontario" or anything else. And it has to be something that is ongoing, or we are going to find that we are left behind in this great industry.

I urge you to continue and to make sure that this is an annual program, perhaps through our community colleges. It should be expanded beyond what it is at the present time.

You mentioned Ontario Place is the fifth largest in terms of funding—I am not sure what the first four are—but still requires a subsidy of about \$1 million, approximately.

**Hon. Mr. Grossman:** A little less.

**Mr. Eakins:** We would still like to see Ontario Place operating in the black by this time.

**Hon. Mr. Grossman:** Do you advocate raising the prices?

**Mr. Eakins:** You could adjust certain things. I have many young people come to me and mention how cheap these rock concerts are; they pay many dollars for them elsewhere. I think it is a matter of an internal operation.

**Hon. Mr. Grossman:** Either we raise the price for rock concerts or we don't hold them. Is that what your answer is?

**Mr. Eakins:** I am not saying how it should be done, but I think you are going to have a great deal of competition coming from Canada's Wonderland.

**Mr. J. Johnson:** I would like to say that some people from Ireland told me that of everything they looked at in Ontario, they thought Ontario Place was one of the best spots—and they really appreciated what we had to offer. So I think we should beware of raising the prices too high.

**Mr. Eakins:** I am not saying the prices at the gate should be raised. I think there are other ways of doing it, perhaps internally. I am just saying to the minister I think we should take a look at it.

I would also like to ask the minister perhaps if he might enlarge on the tourist information centres as we go along into the estimates, because I think this is a very important approach to people coming into this country—the information they receive there—whether it is an all-inclusive centre or not. I think we should be doing more in this particular area, and also for rest facilities along our highways which are an attraction in many other places.

The grading system is something which I think is very important. You touched on it

generally and I would like to know just what part the ministry is playing as far as the grading system is concerned. I know it is under Tourism Ontario as the general operating agency, but I would like to know the part that your ministry is playing in the grading system.

You did touch on Minaki Lodge. This is something we are going to have to wait for two years to see, but it seems to me you have about \$12 million you are spending there, plus what you have spent there in the past, that could help some other very important areas of the province.

You mentioned how great this is going to be. I think you should take a look at another wilderness lodge you have, which is to give our native people managerial experience. Yet this particular lodge has only 11 per cent occupancy. If you are going to make Minaki Lodge work, I think it is about time you helped our native people to get their lodge off the ground so that they will have 100 per cent occupancy. I would ask you to take a look at that particular area.

**Hon. Mr. Grossman:** How did you like it?

**Mr. Eakins:** I have not been to Minaki.

I would also like the minister to comment on the status of the Bassett committee, when the Bassett committee is going to report. I believe the Bassett committee was to have reported—

**Hon. Mr. Grossman:** They did.

**Mr. Eakins:** They have already reported?

**Hon. Mr. Grossman:** I have a draft of their report.

**Mr. Eakins:** But it has not been made public?

**Hon. Mr. Grossman:** It is not even in its final form; it is a draft.

**Mr. Eakins:** It is important that this be moved along very quickly.

**Hon. Mr. Grossman:** It will be.

**Mr. Eakins:** Did you mention the farm vacation program?

**Hon. Mr. Grossman:** I did.

**Mr. Eakins:** I think it is very important because I asked you about it last year. You said it was not very important really, but I think it is a very important part of the program.

**Hon. Mr. Grossman:** I do not think I said that.

**Mr. Eakins:** Yes, you are in Hansard last year as saying that not many people were interested in it. I think it is a very important program and it could be an important part of our tourism plant. I know my colleague,

Mr. Johnson, has been a very strong promoter and supporter of it. I think it is one particular area we might pay a great deal of attention to.

Mr. J. Johnson: Mr. Chairman, I might just point out that the Minister of Agriculture and Food (Mr. Henderson) has funded this program this year with \$5,000.

Mr. Eakins: Mr. Minister, these are just a few of the comments I want to make.

Tourism, as far as I am concerned, is one of the great industries that, in this province and in many ways in the Legislature, has not really been given the importance or the profile it deserves. I think it is going to be one of the great industries by the year 2000. I believe it is going to be the leading industry in this country. I hope that you and your ministry will do everything possible to give it the status it deserves.

I just want to say in closing that I appreciate very much the co-operation which my research assistant and I have received from the people in your ministry when we call for information. It is easy sometimes to find fault with our civil servants but they have been very helpful and co-operative to us. They are terrific. Express my appreciation.

10:10 p.m.

Mr. Chairman: We will have the critic of the third party.

Mr. J. Johnson: Mr. Chairman, before we get into that, could I take one moment just on a point of order?

Mr. Eakins has mentioned in many cases, certainly in the last three years in estimates, that a certain amount of time should be spent on tourism. It seems that tourism is left until we are through with industry and when we get through with industry, there is very little time left.

I would like to suggest that if we have, for example, 12 hours left in the Ministry of Industry and Tourism's estimates, we set a certain time aside for tourism, whether it be four hours or three hours or whatever the members indicate they would like to see set aside. Then when we finish that period of time with industry, we could devote the rest of the time to tourism. I make this suggestion to the minister to see if he supports it.

Mr. Eakins: I simply want to see, Mr. Minister, that tourism receives its fair share. I know and you know, in the past quite often if there is something left, we get into tourism. We have had to fight for a certain period of time in the last number of years. As long

as we get our fair share of the time I am quite happy.

Hon. Mr. Grossman: What do we have, 10 hours after tonight?

Mr. Chairman: Ten and a half hours. That can be worked out if all parties are agreeable. I think perhaps it is a worthwhile suggestion.

Mr. Cooke: The Liberal critic talked to me earlier and asked if the first hour after opening statements could be tourism. It is acceptable to us if we want to get that vote done during the first hour and give it that prominence.

Mr. Eakins: I would suggest that following the two critics—Mr. Hall has to speak following Mr. Cooke—then we should take a look at what time is left and allocate a period of time for industry and for tourism at that time.

Mr. Chairman: That is fine.

Mr. Cooke: Mr. Chairman, I assumed we would follow the same format as last year and the Liberal Party can finish their opening statements, although I must say I did not think we were going to get through anybody else's statement except the minister's because he had advised me the other night that he thought he would take at least all of tonight. The Liberal Party might complete and I will be prepared to begin and complete next Tuesday evening.

Mr. Chairman: Is that satisfactory to you, Mr. Hall?

Mr. Hall: I do not have a prepared text in the style of the minister. I could not compete with that with our limited resources, Mr. Minister. We have fun here from time to time but I really liked your comments and opening remarks better last year than I do this year. I say this seriously.

Hon. Mr. Grossman: Why is that? Where had you been for dinner last year?

Mr. Hall: You were newer in the ministry a year ago and you were less caught up in the PR that seems to go with the job. Frankly, I thought you were more candid about some of the problems you have than you are now. You seem to gloss over them.

Hon. Mr. Grossman: We have solved them all.

Mr. Hall: If everything was as good as you say it is here, we would not have many troubles. I am really amazed that a man of average stature could lift such a big shovel.

Hon. Mr. Grossman: It amazes me, frankly, too.



**Mr. Hall:** It does. I sincerely caution you because I think the choice of words, the adjectives, painted an incorrect picture of some of the problems we have here.

**Hon. Mr. Grossman:** Unlike your leader, who uses balanced, objective adjectives when he is describing the industrial state of the province.

**Mr. Hall:** Mr. Minister, you have to do your job; everyone has to do his. I am here as a critic and I am sincerely saying you really do not focus enough attention on problem areas and you paint such a rosy picture of this, that and the other thing, I am not so sure that we have not lost the handle on what our problems are.

**Mr. Laughren:** Is it true that your deputy's real name is semi-Red Wilson?

**Mr. Hall:** Actually that was to be my first question, Floyd, and you stole it from me already. What is Red Wilson's real name?

**Mr. Wilson:** It is in an envelope sealed in a Funk and Wagnall or something.

**Mr. Hall:** Without getting into detail, because I do not have a prepared text, there are a lot of concerns in the area of layoffs having to do with the whole changing trend in the automobile industry, the question of Ontario's major role in automobile production and parts production, and therefore the serious discussions I hope you would be entering into with Herb Gray, and putting our case forward as we negotiate with the United States.

It is not exactly in your ministry, but I cannot help but be very much concerned for young people I know and for the future of the province generally in the apparent ineffectiveness of the apprentice program which touches Labour and Education, but has a bad spinout effect on what we hope you are trying to do in industry.

I would like to find out a little more of just how you are trying to pull this together with these people because it is really not working. Despite your plans, and I applaud a lot of your initiatives, I do believe that the ministry should be a source of giving new ideas to industry of all sizes and all types of technology, to point out opportunity. It is something a government can do better than a very specialized industry without the resources you have. I think that is very good. At the same time, to pretend that things are as great as you seem to in this statement I think is kidding a lot of us.

The general statistics, which we could get into later, show that the jobs are not being created, according even to Mr. Miller's bud-

get this year, to the extent they have been in other years.

The problems of small business are with us. I want to find out more about your real definition of small business. If you are going to use the criteria of 100 employees alone, I do not think it is necessarily valid because there are other yardsticks that are used.

I think you are confusing the people you are supposed to be helping. They think the government is interested in them and they find out it is really not that way; a lot of your funding is directed to something larger than what they feel themselves to be. Your percentage of staff involved in small business as a portion of your whole ministry staff would reflect that circumstance.

I appreciate what you have been saying, not only in Ontario but across Canada, about breaking down trade barriers throughout our country. In many instances, from what I read, you have been candid about mistakes our government has made in the past. I would like to find out a little bit more about what success you feel you have enjoyed in overcoming some of the problems we have in that field.

Advertising bothers me a little bit, I must say. Certainly the "I Love New York" campaign was a successful one. You have tried here, but you know the "I Love New York" campaign never mentioned the governor of the state of New York or the director of trade and commerce for tourism. This constant plugging of the minister costs us all money, but I am not sure just how much good it does. It might help you, but I am not sure how much good it does the rest of us.

I want to talk specifically about plant closures and the retraining opportunities that are provided. On the matter of notice of shutdowns, we have some examples I am sure you have been upset about. It would appear that, in this time frame in the 1980s when we are going through massive adjustments in our economy, we are going to have to look at this a lot better than we have been.

10:20 p.m.

I am a little concerned about the reports I have of some measurements you are trying to obtain through companies you have hired to find out how great you are. I am concerned about the cost of them to us.

I think you have upgraded the personnel in the ministry; that is my honest impression. I am a little concerned that people seem to change their jobs so frequently, before they have really got handles on them.

This causes confusion in the ranks of the poor guys who are trying to deal with your ministry.

I am disappointed by some of the statistics you have given tonight with regard to the progress of the electronics industry and the fact it is fighting the deficits it has. The press is not here to any great extent. It never does show up for work sessions such as this. Frankly, I think we would have a more meaningful dialogue if you told us some of your concerns instead of creating the great adjectives you used in this statement tonight.

I want to get some specifics on programs that relate to you, although they are not directly under your responsibility. There is the matter of the success of the Small Business Development Corporation, the matter of development fund loans and the problems you have run into with people who were not able to meet their obligations and failed. I would like to know why they failed.

I would like to understand the migration of workers throughout Ontario. I do not necessarily want to touch on them leaving the province. I want to understand in an area where there are obviously going to be more transportation difficulties where there are problems about the relocation of workers to other areas as plant closures take place. This affects people in a broad way and it is not touched on in your opening statement tonight.

I did not mean to be critical of you when I said I liked your statement better last year. Frankly, I did think your statement last year was more candid than what you have given us tonight. The adjectives were not as fulsome last year as they are this year.

**Hon. Mr. Grossman:** We have accomplished more this year.

**Mr. Hall:** That may be but, on this whole subject, I do not hear you saying that you have got it made. I would be surprised if you could honestly say that. I hope you have accomplished something, but I tell you it seems to me that there are a lot of other things we still have to accomplish. Otherwise we could all go home.

That is all I want to say as a general comment. I appreciate the time and effort somebody put into that lengthy report. I really find it hard to believe you wrote every word yourself.

**Hon. Mr. Grossman:** Big shovel; it was not easy.

**Mr. Hall:** At any rate, I would just as soon get to the details at our next meeting.

**Mr. Chairman:** Mr. McKessock, did you have a question to ask?

**Mr. McKessock:** I too was interested in what you consider a small business. For instance, on page 12 of your statement, you say, "We introduced the promotional aids marketing program to help finance the preparation of packaging and sales literature for innovative products."

Did that program have a name?

**Hon. Mr. Grossman:** We have all sorts of names for our programs. John Laschinger, who you will remember from last year, was our director of small business. He is now the acting director of the small business development branch and has moved on to another responsibility in the ministry.

**Mr. McKessock:** What did you call that promotional aids marketing program? You have spent \$360,000 to date.

**Mr. Laschinger:** The alphabetical pseudonym for it is PAMP, for promotional aids marketing program. You have to be very careful when you pronounce that name.

**Mr. McKessock:** Mr. Minister, there is a small company in my riding that has only 10 employees. They manufacture stereo cabinets and sell them all across Canada even though they're a small company. They would like to get into the export market as well, but they need a brochure or something to advertise, to allow them to get into this market.

You say you are interested in small businesses. Would a company like this be eligible for that type of program?

**Hon. Mr. Grossman:** We probably sent copies of those brochures to your constituency office. You should have given one to your constituent.

**Mr. Laschinger:** We have tried to develop small companies that have new and innovative products. We have had three applications from firms with stereo cabinets. We would estimate there are about 150 firms in Ontario making stereo cabinets. If we help one and give it \$7,500 we are going to have to help every other one.

What we have been able to do with these 55 firms is to identify 55 brand new, unique, innovative products, in some cases high technology products. They're innovative and unique.

**Mr. McKessock:** Are you telling me there are 55 firms that manufacture products nobody else does?

**Mr. Laschinger:** That's right.

**Mr. McKessock:** Nobody manufactures the innovative stereo cabinet that this firm does. There may be other cabinets, but there are none like this one.

Mr. Laschinger: Our difficulty is in trying to rationalize not helping the other 154.

Mr. Laughren: Is this part of your Liberal restraint package we keep hearing about?

Mr. McKessock: Liberal restraint?

Mr. Laughren: Yes, helping all 150 manufacturers.

Mr. McKessock: I'm just picking out a program here. You say you help small business but—

Mr. Laschinger: Some of the firms we have helped, sir, have 10 employees or less. The size of the company doesn't matter and, in fact, the majority of these are small.

Mr. McKessock: I know you weren't interested in helping this company because it applied and was turned down.

Mr. Wildman: I thought the general philosophy in government was to transfer big companies' loans to small companies.

Mr. McKessock: This small company's opportunity for expansion for creating jobs on a dollar-invested basis is probably as great as that of any of your large companies.

Mr. Laschinger: For all of the applications for those programs we have a minimal amount of money. The budget for the program is close to being expended, although we're in the process of trying to get more money for it.

The only reason we turned down that proposal was that there were other people making identical products, maybe not with the same curve and the same surface but they're making stereo cabinets.

Mr. McKessock: There is another thing I would like to say about this program. When they applied for the program, apparently it looked fine, looked as if they were eligible but you changed the program half way through when the money was practically all spent. That's what they were told. Companies were then made ineligible. The criteria for the program were changed. Is that right, Mr. Minister?

Hon. Mr. Grossman: It never changed.

Mr. Laschinger: No, the criterion was always a unique and innovative product and it has been since then.

Mr. McKessock: But furniture was cut out sometime after the program was started.

Mr. Laschinger: That's correct.

Mr. McKessock: They were told this was because the funds had run out.

Mr. Laschinger: The rationale for turning them down was not because we changed the criterion. We tightened it up.

Mr. McKessock: That's what they were told.

Mr. Laschinger: Well, they were told some misinformation. I sit on the board and the rationale for turning them down was that they were not unique.

Mr. McKessock: How unique do you have to be to be unique?

Mr. Laschinger: I can get you a list of the kinds of companies we have been helping.

Mr. McKessock: Can you give me examples of two out of that 55?

10:30 p.m.

Mr. Laschinger: There are a couple of companies developing computer software packages. There is one company developing a unique computer software package for the tourism industry.

Mr. McKessock: A computer?

Mr. Laschinger: It is a computer software package for the tourism industry in terms of reservations. It is a product they can export. It is a software development they can export. That is one example.

Mr. McKessock: Is there anything made out of wood?

Mr. Laschinger: I will have to go back to look at the list but I will get back to you. There are some electronic devices.

Mr. Wildman: Refer them to the Employment Development Fund.

Mr. Laschinger: Yes, I have already suggested that.

Mr. McKessock: I am not quite finished. Would you consider having another look at this company? For a few thousand dollars here is a small company that wants to get into the export business. As I say, there export business is probably worth as much to Ontario for the dollars they spend as—

Mr. Laschinger: Is it all export?

Mr. McKessock: It is not all export. They are now selling right across Canada, but they want to get into the export market. In order to do this they have to have a brochure to advertise.

Mr. Laschinger: One of the things we could look at is the new responsibilities I assumed August 1. I am the director of trade. In our Export 80s program we announced a new initiatives package, a new initiatives budget where money would be available for companies that were prepared to make a commitment to export.

If they would come and show evidence of their commitment, we would look to see what the consignment costs, warehousing



costs, promotional materials costs and packaging costs were to adapt the product to go from Canada to the United States, for instance. We would be interested in obtaining it under that particular act but not under the other one.

Mr. McKessock: They would be interested in doing that. Could we meet with you some time tomorrow afternoon?

Mr. Laschinger: Yes, sir.

Mr. McKessock: You will be in Toronto tomorrow.

Mr. Cooke: Before we adjourn I want to ask the minister for two pieces of information that we could probably have before next week. I asked him yesterday in the House but I want to make sure since the systems are here and no doubt know they will get it more quickly than he will.

The report you referred to in answer to a question, the machinery and equipment industry study, is in draft form. Since that report is being used by yourself in the House I wonder whether we could see a copy of the draft if it is not going to be in final copy or final form before the end of these estimates, or you could agree not to use any information from that report.

Hon. Mr. Grossman: I will pretend I have not read it.

Mr. Cooke: Can we see a copy of it so we could discuss that during estimates?

Hon. Mr. Grossman: I should caution you that having spent a lot of time in the industry

I already have a lot of information in my head quite apart from the report. However, I will have a look at the draft report and if it is anything close to being final I will be able to—

Mr. Cooke: The other information must be more up to date than your statement. It is the list of 72 firms and the 10,000 jobs from EDF towards the auto industry.

Hon. Mr. Grossman: They are not all from EDF.

Mr. Cooke: Seventy-two firms—

Hon. Mr. Grossman: I did not say from EDF though.

Mr. Cooke: I thought they were all EDF.

Hon. Mr. Grossman: It is the private sector doing its job.

Mr. Cooke: I hope I am going to have that.

Mr. Chairman: We will now adjourn until 10 o'clock tomorrow morning.

Mr. Cooke: Mr. Chairman, do I understand that we have all agreed that these estimates will resume next Wednesday morning? I thought it had been agreed that we would resume Wednesday. I cannot be available next Tuesday.

Mr. Chairman: The minister cannot come on Thursday of this week, so everything is off until next Wednesday morning. Okay, we are adjourned until Wednesday next week.

The committee adjourned at 10:34 p.m.

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No. R-32

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Industry and Tourism

**Fourth Session, 31st Parliament**

Wednesday, October 15, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, OCTOBER 15, 1980

The committee met at 10:14 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (continued)

**Mr. Chairman:** The meeting will come to order. I believe the minister can answer some of Mr. Eakins' inquiries pertaining to tourism.

**Hon. Mr. Grossman:** Mr. Eakins asked some questions and raised some issues during his response the other day. I thought I might respond to some of them until Mr. Cooke gets here and we will come back to the tourism portion afterwards.

Mr. Eakins asked about the new tourism information centres, where they will be located and when they will be operational. We will be opening a new and important tourist information centre at the Eaton Centre in November. We will finally have a tourism information centre at Niagara Falls. We will be turning the sod for that later this month and it will open in June 1981, or earlier, if necessary.

We are looking at the possibility of building a new tourist information centre in Fort Frances in a better location than the current one. We have problems in terms of the cost of acquiring the right piece of land. We are working with the ministries of Government Services and Northern Affairs and with the Fort Frances town council in trying to put together the funding for a new Fort Frances centre.

Equally, we are working on the St. Catharines information centre and we are awaiting certain official approvals before we are able to go ahead with the rebuilding of that facility. Actually, it is not a rebuilding, it is replacing an old trailer which is totally inadequate.

Some questions were raised about the comparison between the "Ontario—Yours to Discover!" campaign and the "I Love New York" campaign. All sorts of measurements can be used. Awareness of the campaign: After only the first five months of "Yours to

Discover!" 43 per cent of the persons surveyed were aware of the program. For "I Love New York," after the first full year it was 57 per cent. We are doing very well on that count.

Ratio of tax revenue to media expenditure: In Ontario, we spend \$9.5 million on advertising. Our increased tax revenue this year will be \$176 million, which is a ratio of \$18 of increased tax revenue for every dollar of new advertising. In New York, they spend \$10.9 million on advertising. Their increased tax revenue will be \$135.2 million and their ratio will be \$12 in tax revenue for every dollar of advertising. We are ahead on that count as well.

The increased tourism volume resulting from year one of "Ontario—Yours to Discover!" versus this year's performance of "I Love New York": In Ontario, there will be an increase of 15 per cent for a total volume of \$7.6 billion. New York will see an increase of eight per cent to \$5.4 billion. Again, we are ahead on that count.

If Mr. Cooke is ready, we could stop there, Mr. Chairman.

**Mr. Cooke:** Mr. Chairman, I apologize for being late. I assure the members of the Liberal Party I am not sitting over here just because I don't want to sit next to them. I thought for my opening statement at least I should be on the left of the minister.

**Hon. Mr. Grossman:** I thought it was because you didn't want to sit next to Mr. Laughren.

**Mr. Cooke:** I would have to sit on his lap. There are no seats there.

I will begin my opening statement. It doesn't take a new critic long to get adjusted to the Ministry of Industry and Tourism. Sitting through the paid political announcement that passed for the minister's opening statement last week reaffirmed my conviction that this government is floundering, that it lacks a clear and coherent industrial strategy and that economic planning is a concept well beyond the comprehension of this ministry. I cannot fathom how the minister can pretend that handouts here, there and every-



where add up to an economic program for the present or how they prepare, to quote the minister, our industrial base for future opportunities.

Against the fanciful tale the minister weaves of Ontario the wonderland, the province that lures investment, seduces foreign capital, socializes the risk of doing business, bails out the giants and doles out public funds indiscriminately and needlessly around corporate board rooms, I feel compelled to introduce a note of economic reality.

The entire statement of the minister represents a level of shortsightedness that I haven't encountered since I read the minister's opening statement of last year. It reminds me—

**Hon. Mr. Grossman:** I'll bet you didn't read it.

**Mr. Cooke:** Oh yes, I did. I read it every night I had insomnia.

It reminds me of a statement I read of remarks made by the president of Brazil in reference to that country's crippling inflation and unemployment, "Brazil is doing well, but the people aren't."

The people of Ontario are not doing well. The mass layoffs, the plant shutdowns and the accelerating rate of unemployment belie the minister's—

**Hon. Mr. Grossman:** Did you see the stats yesterday?

**Mr. Cooke:** I saw the stats yesterday.

**Hon. Mr. Grossman:** Unemployment is down.

**Mr. Cooke:** How much is it down in Ontario?

**Hon. Mr. Grossman:** By about 0.4 per cent.

**Mr. Cooke:** We still have about 300,000 people unemployed.

**Hon. Mr. Grossman:** You said it was accelerating. That is just not true.

**Mr. Cooke:** I was very polite when the minister was going through his opening statement. I expect him to be equally polite.

**Hon. Mr. Grossman:** Then again, I was accurate.

**Mr. Cooke:** I wouldn't say that.

The people of Ontario are not doing well. The mass layoffs, the plant shutdowns and, yes, the accelerating unemployment belie the minister's ostrich-like optimism.

The young people without work and without skilled training, the women who are discriminated against in the work place, the layoff of workers with years and even decades of service stand as testimony to the Tories' industrial failure. Unemployment and

layoffs are this province's number one economic problem. They are rapidly becoming our number one social problem. How a Minister of Industry and Tourism can spend an entire opening statement without mention of this fact is beyond me.

10:20 a.m.

A week rarely goes by without an unemployed worker coming into my constituency office to ask if I can help him or her get a job. I have talked to hundreds of workers who feel demoralized and depressed because they have been out of work for months. I really wonder if this minister understands the emotional and psychological pressure that an unemployed family goes through. Judging by the way the government has dealt with the economic depression in Windsor over the last year, I believe the minister lacks any degree of understanding or sensitivity.

Jobs are more than just a means of earning a living. There is sufficient evidence accumulated to know that depression and anxiety increase in direct correlation to rising unemployment. We know that family breakdowns increase and that psychological illnesses and stress-related symptoms rise. It is possible, based on the evidence of specialists and detailed case studies, to construct a social stress matrix of the effects of chronic unemployment.

As unemployment goes up, so does total mortality. Deaths from heart disease, suicide and murders increase. Mental illness will rise significantly and prison sentencing and confinement will increase. Let me quote from the mayor's committee on services for the unemployed in Windsor; "Inability to make credit payments, inability to make unemployment or welfare payments stretch to the end of each month has brought about uncontrollable stress and pressures and resulted in increased use of alcohol, tranquilizers, and other drugs to ease anxiety."

The human tragedy associated with unemployment is also reflected in the committee's statement that having to go on welfare after Unemployment Insurance Commission benefits are exhausted is having a devastating effect on individuals and their families. The situation is repeated throughout the province, wherever layoffs and unemployment are on the rise. These are the true human costs of unemployment. At the abstract, statistical level, it means social stress. At the practical level of everyday life, it means personal and family disaster.

If it seems at this point as though I am talking about the wrong issues for this min-

istry's estimates, let me underline the point that it is precisely these issues that this ministry's estimates are all about. We are talking about the economy, about industrial development or the lack of it. We must never lose sight of the fact that behind the statistics, behind the facts and figures, are real people who must face the tragedy of our economic problems.

We live in a social economy. This economy no longer operates on predominantly individual enterprise or according to the 19th century Liberal notions of the free market. The majority of us are subject to the woes and throes of politically determined business cycles. At the same time, we have privatized the negative effects. It is families and individuals who suffer the private effects of loss of income, security and loss of opportunity. It gives me no solace to predict confidently that in the absence of a planned industrial strategy for the economy of Ontario, the suffering I have outlined will continue.

It is clear now that the old responses favoured by the private sector and their government spokespersons no longer work. Those without jobs cannot be written off as lazy, as welfare bums, and as UIC cheaters. Unemployment is a social problem. It has never been a personal problem.

A few weeks ago, a rumour got out that General Motors of Canada was going to hire some workers in Windsor, fewer than 100. The rumour turned out to be just that—a rumour. But it didn't stop 400 to 500 workers from showing up in front of the Manpower Centre the next morning to apply for these nonexistent jobs. I'm sure the minister and other members of the committee are aware of some 20,000 people who have now applied in Windsor for 2,000 jobs with General Motors. Some of those people actually went to the extent of sleeping in their cars all night in line at the Windsor Raceway where the application centre was set up to make sure they got an application. Anyone who says that workers really like to live on unemployment insurance or would just as soon live on UIC and supplementary unemployment benefits or welfare really does not know what they are talking about.

This summer the Social Planning Council of Metropolitan Toronto issued a report which showed that 50 per cent of the unemployed in Toronto in April of this year were people who had lost their jobs. In other words, unemployment is at record levels, not because of new entrants into the

work place but because of layoffs and plant closures. Since January of this year 45,000 workers in Ontario have been laid off permanently or indefinitely.

We in the New Democratic Party have long talked about the very real dangers of Ontario's manufacturing decline. What we call deindustrialization but the minister, in niceties possible through language, calls a period of readjustment. Whatever words we choose to use, the point remains that this province is in serious economic trouble.

I would like to go on to what we call "the Tory view of the current economic situation." Mr. Minister, your colleague, the Treasurer of Ontario (Mr. F. S. Miller), treated the House to a remarkable display of economic naiveté last week. He was talking about the growing sense of optimism that he has discovered in Ontario.

Let me quote: "Private sector investment plans clearly indicate that Ontario's business community shares this optimism. According to Statistics Canada's mid-year survey of investment intentions, manufacturing investment in Ontario will increase by an anticipated 44 per cent this year. That figure reflects decisions to increase capacity, modernize existing plant and adjust to energy price increases, all of which can only improve our productivity and Ontario's competitiveness in world markets."

While it is true that manufacturing investment is expected to be 44 per cent higher this year than last year, it is clearly misleading to draw conclusions about economic recovery from that data. The new investment your Treasurer boasts about is not evenly distributed across manufacturing. In fact, if you took the time to analyse the data, rather than immediately grasping at straws, you would discover two sectors are actually reducing their level of spending and an additional five manufacturing sectors are increasing their spending to a level that does not even keep pace with inflation.

More important still is the fact that, of all the anticipated new investment expected for 1980, fully 71 per cent is accounted for by the transportation equipment sector; in other words, the auto industry. Considering the current critical state of the auto industry, the massive layoffs and unemployment among auto workers, the auto sector scrambling to regain its losses, this does not, as the Treasurer would have us believe, improve our economic potential and pave the way for new growth.

Furthermore, I am sure we would all agree that one year does not an economic recovery



make. Using Mr. Miller's data source, we discover that even taking into account the sizeable gain expected for this year, the situation is not as the Treasurer paints.

In 1977, the actual level of capital expenditure in manufacturing was \$3.2 billion. In 1980, the intended expenditure is about \$5 billion. In real dollar terms—that is the 1980 figure adjusted by the gross national expenditure deflator—it means an increase of only 10 per cent over the four years, 1977 to 1980. That works out to an average annual increase of only 2.5 per cent.

It is clear, Mr. Minister, that you must share your Treasurer's optimism. The advertising copy that passed for your opening statement in so many words, or I should say too many words, makes that point.

Back in February, Mr. Minister, in a speech you delivered to the Cambridge Chamber of Commerce, you stated, "I reject the notion that a serious recession is inevitable or that in some way this province is winding down." We can quibble about what constitutes a recession but the fact will remain that this province is in danger of winding down.

10:30 a.m.

The Conference Board in Canada, in its autumn 1980 edition of the Canadian Business Review, points out: "The short-term economic outlook for Canada has become progressively more dismal and expected growth for the Canadian economy has undergone a further downward revision. Canada will undergo a recession in 1980 and this will be followed by a further year of below potential growth in 1981."

In their August quarterly provincial forecast the conference board talks about the present downturn as the longest in the last two decades. They make the point that manufacturing output will fall by 4.5 per cent this year, with a record further decline of 0.5 per cent next year. The conference board goes on to talk about the trend of erosion of Ontario's dominant position in the national economy.

One last point on this matter: In yet another of the conference board reports, their survey of senior business executives, it is noted that layoffs at some point in the next six months were planned by 23 per cent of the respondents, which is the highest level in the four-year history of the survey. To the large pool of people already out of work are going to be added even more through plant layoffs and shutdowns.

For the record I would like to restate the facts. Ontario is going through a process of

deindustrialization. If it is true that Ontario is the industrial heartland of Canada, then this heart has gone through a coronary seizure. Manufacturing as a percentage of the total employment in Ontario was 33 per cent in the mid 1960s; now it is only 25.2 per cent. That change is not a product of Ontario's moving into the post-industrial society; it is a product of 37 years of Tory mismanagement. It is the consequence of a structurally weak manufacturing sector and a foreign-owned, semi-industrial branch-plant economy.

The term "deindustrialization" points particularly to the effects on manufacturing which are the result of Canada's virtual integration with the United States' industry and the United States' markets.

At the best of times this has meant truncated operations, with too much assembly, little or no research and development, few linkages to the parts industry, little export leeway, massive imports of capital goods, such as machinery used in Canadian plants, and massive imports of manufactured consumer products.

At the worst of times, when the US is in a recession, we have experienced heightened deindustrialization as American head offices repatriate their operations, or as the US market dries up. These heightened effects occurred in 1971, 1974 and 1975, and they are occurring now in 1980. At the best of times and at the worst of times these factors have taken their toll on the manufacturing jobs in Ontario. Whether you view the problem from the perspective of sectors, cities or individual companies, the same general pattern emerges.

Let us examine what has happened to employment in manufacturing since 1974. The latest data from StatsCanada show that 15 out of the 20 manufacturing sectors actually recorded a loss of employment. Some specifics show that the food and beverage sector had a net loss of 3,000 workers between 1974 and 1977, which is the latest data year; metal fabricating showed a loss of 3,800; nonmetallic minerals, 3,200; 4,000 in the paper and allied industries; 16,000 in electrical products; 2,500 in textiles; and on and on. Over the four-year period from 1974 to 1977 a total of 40,402 jobs were eliminated in Ontario's manufacturing industries. This clearly demonstrates a trend of manufacturing decline.

In your statement, Mr. Minister, you made the claim that over the last two years 290,000 new jobs were created in Ontario, with 104,000 of those in the manufacturing sector.



I understand why you use these particular figures. I understand where you get your figures from, and I also understand how they, just like the Treasurer's 44 per cent of new investment, can be misleading.

If we take the latest figures available from StatsCanada, those for August 1980, we find there are in fact 18,000 fewer workers in manufacturing in Ontario than there were a year ago. In the period between 1974 and 1979 year-end the following cities experienced no growth or actual declines in manufacturing employment: Welland, Brantford, Hamilton, Kitchener, Peterborough, St. Catharines, London, St. Thomas, Windsor, Woodstock, Ottawa, Belleville, Brockville, Cornwall, Kingston and Sudbury.

As you can see, Ontario's manufacturing sector is stagnating. Company after company is closing its doors. Between January and July of this year 46,000 workers have been laid off permanently or indefinitely. That figure does not include those workers on temporary layoffs.

Our manufacturing sector does have serious problems. The reasons, for those problems have been clearly spelled out. We in the NDP have talked a great deal about the structural problems in our manufacturing sector. Clearly one of the most pressing problems is the degree to which our economy is foreign-owned. Let me quote.

"Some of the concerns about foreign control relate to the truncated and miniature replica of most subsidiary operations and the consequences these have for Canada's resource and development and international marketing capability. Multinationals tend to centralize core skills such as R and D, marketing and management in the parent corporations while constraining their subsidiaries' ability to develop its own skills. Another cause for concern is the fact that subsidiary operations act as a very significant conduit for import parts, machinery and consulting services at the expense of Canadian sources of these goods and services."

These words, I should point out, are the minister's own, spoken January 22, 1980, at York University. I am glad to see that the minister is finally recognizing the validity of what the NDP has been saying for over a decade.

Stemming from the problem of foreign ownership is another very serious problem. Your government, Mr. Minister, has failed to diversify the manufacturing base in Ontario. Again, I am pleased to see that you have finally accepted responsibility for that failure. Earlier this year, when you were talking to the chamber of commerce in Edmonton,

you made the point: "The aspirations of Alberta to build on its oil resources and to diversify its economy against the time when your province's oil supply is depleted or superseded by other forms of energy must, at this point in time particularly, be understood and respected, so that you do not forgo your current opportunities."

"We have had similar major resource developments in mining and in forestry in other parts of the country over the years. But in the past we have done far less than other nations to ensure that those developments resulted in maximum possible contribution to our total industrial strength and to the diversification of our economy."

"During the mining boom of the 1950s, for example, firms in Canada placed orders for hundreds of millions of dollars' worth of mining equipment with companies in Sweden, Germany and the United States. These orders effectively underwrote the research and development work that has made their manufacturing industries internationally dominant. In short, we helped create the industrial strength within those nations, which now rank among the major international corporations."

Mr. Minister, if you respect the intentions of Alberta to diversify its economic base, if you agree that those intentions are based on sound economic judgement, we can only wonder why your government has pursued policies which have undermined Ontario's capacity for industrial development and have led Ontario into an industrial cul-de-sac.

Why, for instance, has your cabinet allowed Falconbridge to continue to ship out unrefined ores to its refinery in Norway, contrary to the Ontario Mining Act, instead of building refining capacity jobs here in Ontario? Why did you not fight to prevent Jarvis Clark Company Limited, an Ontario-based, Canadian-owned mining machinery company from being taken over by a Swedish company, one of those very companies that you have admitted we in Canada have helped to build into international prominence? Why did we continue to export our primary forest products and import processed paper and wood products ranging from paper bags, boxes and cartons to wooden household furniture?

10:40 a.m.

It is hard to believe, considering the fact that Ontario—I was hoping that the minister might pay attention to my statement, just as I did to his statement, Mr. Chairman.

Hon. Mr. Grossman: I can assure you I am paying attention to your statement. Most

of the clichés I have heard many times; they do ring in here. I am listening while I chat with Mr. Eakins. I will be talking to him for a minute and a half. You can wait if you want.

Mr. Cooke: I do not know why we cannot proceed properly and show a little respect for each other in this committee.

Hon. Mr. Grossman: It is your choice. You can wait a minute and a half or you can continue.

Mr. Cooke: The committee is in process; I think that we should wait then.

Mr. Chairman: I must remind you, Mr. Cooke, we waited 10 minutes for you too.

Mr. Cooke: I realize that, but you were able to proceed without me.

Considering the fact that Ontario is one of the major primary forest products producers in Canada, it is hard to believe that in 1979 we had trade deficits of over \$34 million in paper bags, containers and related products, about \$10 million in the sash, door and mill work industry and about \$64 million in household furniture.

There are more glaring deficits. Ontario's trade deficit in the machinery sector was a whopping \$2.37 billion in 1979. Included in that deficit is over \$674 million worth of agricultural implement imports, \$1.2 billion worth of office and store machinery imports, and \$2.8 billion worth of mining, forestry, pulp and paper and other machinery imports.

Then there is our well known deficit in the auto industry. From January to July of this year that deficit stood at \$2.1 billion, up 234 per cent over the comparable period in 1978.

One of Ontario's major manufacturing problems is the fact that we continue to export our raw materials and import our manufactured goods. In Ontario, which accounts for 80 per cent of Canada's exports of manufactured goods, 64 per cent of exports are end products, but when the automotive industry is removed, only 17 per cent of our exports are end products. On the other hand, 71 per cent of Ontario's imports are manufactured goods.

One needs only to take a quick glance through our manufacturing industries with trade surpluses compared to those with trade deficits for confirmation. Examples on the deficit side are pharmaceuticals and medicines, all electrical products, scientific and professional equipment, electronics, photographic goods, office furniture and machines, dental and medical equipment, all the machinery industries—it goes on and on.

The effects of this trade imbalance are clear. First of all, by selling low job-content goods and by buying high job-content goods our trade structure is biased towards higher than necessary unemployment. Secondly, we have accumulated a crippling trade deficit that amounts to nearly \$800 for every man, woman and child in Ontario.

In the industrial world, manufacturing is regarded as the engine of growth providing the bulk of jobs. However, in Ontario over 300,000 people are unemployed. We have a huge and growing trade deficit in our key manufacturing industries. We are faced with an annual outflow of \$2 billion for royalties and management fees to foreign head offices and \$6.2 billion of interest and dividends.

It is quite apparent the centrepiece of your ministry's industrial strategy is global product mandating. It is clear that faced with the poor prognosis for the economy, massive layoffs, a declining manufacturing sector, and a growing public concern about large multinational corporations, you had to appear to be doing something, while at the same time it is clear that your ideological commitment to the private sector left you unable to engage in the solutions that are needed for Ontario. As a result, compromise is global product mandating.

Unfortunately, global product mandating involves the same production-sharing concept that is embodied in the auto pact, and the terms of trade in agricultural machinery, all of which have been disastrous for Canada's trade balance.

Under GPM, Canada would make only one line of goods, but this ensures that the other 60-odd lines would be imported. This will also apply to the manufacturers buying parts and components because the parts industry will also be fully rationalized. Product mandating will bring about an even greater degree of integration and interdependence between the American and the Canadian economies.

Already nearly 60 per cent of the Canadian-US trade consists of intrafirm transfers between branches of multinationals. Since the majority of foreign ownership is American, global product mandating can only increase the volume of trade done with that country. It will not broaden our trading partners. It will not reverse the trend of the US companies consolidating their operations in the US.

If global product mandating is the centrepiece of Conservative trade strategy, one has to conclude that the Ontario government believes the answer to our manufacturing



problems lies with improving the performance of foreign capital already here, instead of developing Canadian-owned industries with Canadian capital which will produce products in Canada to displace the vast quantity of imports. Despite all the fanfare, product mandating was born, I believe, out of a sense of desperation.

If the utility of this approach is seen in the trade difficulties which foreign ownership has created, it is ludicrous to believe the cause of the problem is at the same time the solution.

Outboard Marine Corporation of Canada Limited, in Peterborough is a good case in point. The company has recently announced more cutbacks, layoffs, and phasing out of production. Outboard Marine is a subsidiary of a US company, with headquarters in Illinois. From a peak of about 2,000 employees in 1973-74, Outboard Marine's head office has whittled the Peterborough work force down by over 50 per cent.

Outboard Marine is a classic case of the dangers of global product mandating, a classic case of deindustrialization, and a classic case of a profitable Canadian subsidiary taking it on the chin because the American parent is in trouble. In the most recent announcement, the US head office is phasing out parts production in Peterborough and shifting the operation back home. Furthermore, the Peterborough operation will be phasing out 40 per cent of its outboard motor production.

The Peterborough plant supplied the Canadian market and the growing South American and African markets with outboard motors. When the US market slumped, head office simply began transferring the export production for Africa and South America back to their home base.

As for research and development, Outboard Marine again demonstrates the futility of relying on foreign multinationals. The company had problems developing improvements in its ring gear, cam rod and gear lever production. The problems could not be resolved stateside, but they were resolved by the Peterborough workers at a substantial cost saving to the company. The technology had been developed here. It was appropriated stateside by the US parent.

I guess the minister is saying we should be content. After all, Outboard Marine in Canada still has the global product mandate for all 40-horsepower motors that the company builds. Needless to say, Mr. Chairman, the demand for this engine is not a booming market.

The same is true for the Winchester-Western (Canada) Limited plant in Cobourg which closed down and terminated the jobs of close to 300 workers. The Cobourg plant was a subsidiary of the huge, American, Olin Corporation. It had the mandate to produce the 37A shotgun for the entire North American market. The parent company decided, for marketing reasons, to discontinue production of the 37A. A lot of good it does Ontario to have a mandate for production when the mandate can be terminated by the foreign owners whenever they decide it is in their best interests to do so.

10:50 a.m.

It is the same blind faith in the multinationals that has led to the misguided emphasis on export-led recovery, rather than import replacement. If the key trade strategy is to reduce the manufactured goods deficit, then surely, it is at least as important to reduce the inflow of imports, as it is to balance off those imports with increased exports.

Established industrialization theory recognizes the importance of being dominant in the domestic market. From this base, an industry is then able to gain markets internationally. The Ontario government's only reference to reducing imports—that is replacing imports with finished goods as well as parts made in Canada—is its inadequate Shop Canadian program.

While the direction of these programs is to be applauded, they smack of tokenism when put in the context of overall export approach. The government purchasing program must be criticized for its low margin of price preference, 10 per cent; whereas a federal government study showed that in some cases, a 76 per cent price preference can be justified, and for the low emphasis placed on real Canadian content in that price preference.

The minister has shown some initiative in encouraging interprovincial co-operation in the import replacement of medical supplies. It is one of the programs that we in the NDP have been advocating for years, but it is not enough. Viewed against the backdrop of the overwhelming level of imports into Canada and Ontario, it is no more than a small drop in a very large bucket.

It is understandable that while you will not take the stiff measures needed to force foreign subsidiaries to buy from domestic sources, a move which would greatly reduce the import deficit, it is therefore logical that you would put all your eggs in the export basket. And yet it is hard to believe this strategy will be successful in offsetting the



growing imports of manufacturing goods and parts.

Import penetration is increasing in many key industries, including auto, electrical products, and machinery. A few increased exports are not going to negate the fact that 65 per cent of Canada's machinery is made in other countries. The problem with export promotion is compounded by the fact that foreign-owned subsidiaries in Canada are severely restricted in their export freedom.

The Gray report on foreign investment revealed that 58 per cent of US-based companies and 43 per cent of other foreign-owned subsidiaries in Canada admitted to having such restrictions. Neither is it a coincidence that Canada's trade deterioration accelerated when the US began to have its own severe balance of payments problem. As the single most important recipient of US exports, and as the country with which the US has consistently enjoyed a trade surplus in manufactured goods, Canada is naturally the US's target for increasing its exports as the ageing and tired industrial giant takes measures to survive.

Canada cannot look to the Americans to throw open their doors to increased imports from us. Competition for investment, jobs and technology will be even stiffer in the 1980s than it was in the 1970s. It appears that you are playing a sophisticated game of phoney concern and phoney solutions.

Even the federal government's export promotion review committee, the Hatch report, to which the Ontario government made a submission, pointed out the fundamental dilemma of an export strategy. It directed its sharpest criticism of the Canadian export policy to one particular deficiency, the country's lack of exportable manufactured goods. Worse still, your government promotes a hands-off approach to its export strategy. In its submission to the Hatch committee you advocated programs such as government procurement, encouragement of mergers and rationalization and a supportive structure of federal government tax programs; but the role of these government programs is seen to be strictly a supportive one.

I am quoting, "There must be a conscious commitment to privatization of services that can be delivered as effectively or more effectively by the private sector." This hands-off approach is seen clearly in the promotion of global product mandating, a strategy whose success depends entirely on the goodwill of the multinational corporations.

The third major plank in the Conservative economic plan is the encouragement of more

direct foreign investment, despite the fact that it is already increasing at record levels. In 1978-79 the value of assets taken over in Ontario under Foreign Investment Review Agency approval was \$2.5 billion, up from a previous high of \$1 billion in 1977-78. The minuscule buy-back program announced in June 1980 is simply too little too late.

The Ontario government put considerable effort into attracting more foreign investment in 1979. Noteworthy are the trips to Japan, Europe, England and the southern United States, as well as the policy of approving over 92 per cent of foreign investment applications for Ontario. Most visible is the government's slick brochure called *The Profit Centre*, in which Ontario is sold as a lucrative place to invest industrial capital because of its large market, its moderate corporate taxes and absence of foreign exchange restrictions.

Most important, you claim that Ontario can provide an industrial gateway to the American market. Ontario-based companies are strategically located in a North American market of 300 million consumers. I am quoting from your slick brochure, "In a single day's trucking, 120 million of these can be reached from Toronto, Ontario's capital."

Once more, the export orientation as well as the US orientation in your strategy is obvious. The only thing going for this open-door policy is job creation in the short term. In reality, it is at best a holding measure to neutralize the hundreds of jobs that are disappearing from existing branch plants as they shut down some or all of their production.

**Hon. Mr. Grossman:** I notice you don't oppose Chrysler Canada Limited getting money to stay in Windsor; those rotten multinationals.

**Mr. Cooke:** We will get to that when we discuss the auto industry.

**Hon. Mr. Grossman:** It is always different in Windsor.

**Mr. Cooke:** I am sure we will have a discussion on Chrysler and the other parts of the auto industry.

**Hon. Mr. Grossman:** It is always different in Windsor.

**Mr. Cooke:** You know better than that.

**Mr. Cassidy:** What are you saying? These are the conditions, and that was the position the government finally came to, as well.

**Hon. Mr. Grossman:** Your colleague is suggesting that we shouldn't worry about getting foreign investment in this country, and I was pointing out that he was doing

cartwheels to make sure we get more foreign investment, i.e. Chrysler, into this country.

**Mr. Cooke:** All we were trying to do is preserve jobs at Chrysler. Unfortunately, that is the position we are in.

**Hon. Mr. Grossman:** Of course, that is why we want foreign investment, to preserve jobs in this country. If you agree that we need it and the question is the terms under which we have it, then say so, but all of your rhetoric this morning suggests we don't need any and we shouldn't try to get any.

**Mr. Cooke:** I suggest we will be able to get into a full discussion of the auto industry under a separate vote.

**Hon. Mr. Grossman:** But when we get to Chrysler, foreign investment for Windsor—you were turning cartwheels to make sure we get it—then we will discuss the conditions. I just want to find out where you are.

**Mr. Laughren:** The minister condemning rhetoric is a bit hard to take.

**Hon. Mr. Grossman:** He has trotted out every old cliché. He must have spent a lot of time reading all of the old documents.

**Mr. Laughren:** So did you in this stupid document at the beginning of the estimates.

**Mr. Cooke:** I will be glad to talk about the auto industry, but I don't think saving Chrysler could be classified in the same context as what I am trying to discuss here.

**Hon. Mr. Grossman:** Of course not; it's in Windsor.

**Mr. Cooke:** It has nothing to do with it being in Windsor, nothing at all.

**Mr. Wildman:** Are you saying the problems in the past caused by foreign investment should be repeated in the future?

**Hon. Mr. Grossman:** Your critic was saying we don't need any more foreign investment.

**Mr. Wildman:** You are saying we have had problems as a result of foreign control before and what we have to do in the future is have more foreign control.

**Hon. Mr. Grossman:** Are you talking about the conditions of foreign investment or foreign investment? He was talking about attempts to get more foreign investment, not the conditions surrounding it.

11 a.m.

**Mr. Cooke:** When you were talking about Chrysler, we were talking about saving jobs. We were not talking about creating a new foreign branch plant in Ontario. The decisions of the auto industry—

**Hon. Mr. Grossman:** Which, of course, doesn't create jobs.

**Mr. Laughren:** Any red herring will do, won't it, when you're in a corner?

**Hon. Mr. Grossman:** You are the relief pitcher. Your critic is doing fine reading what you wrote for him; let him finish it, Floyd.

**Mr. Cooke:** They will let me finish. It is a matter of whether you will let me finish.

**Hon. Mr. Grossman:** The bench strength is getting nervous here. Go ahead.

**Mr. Cooke:** The only thing for this open door policy is job creation in the short term. In reality it is at best a holding measure to neutralize the hundreds of jobs that are disappearing from existing branch plants as they shut down all or some of their production. It does nothing about the jobs that are being lost as a result of manufacturing imports—themselves a result of past open-door policies on foreign investment—the thousands of jobs that are represented in the annual billions of dollars in service payments that flow out of Canada, or the fact that skilled jobs for Canada's highly educated young people are just not available.

A final plank in the Conservatives' economic platform is the Employment Development Fund program of grants and loan guarantees totalling \$130 million in 1979-80. Taxpayers' funds have been handed out to corporations, mostly large ones like Ford Motor Company and Abitibi-Price Incorporated.

Before the minister says anything about Ford, I think he understands that even though that Ford plant was located in my riding, I opposed that grant.

**Hon. Mr. Grossman:** I understand that. I hope your voters understand, I do.

**Mr. Cooke:** My voters understand. You will see what they think about it when we have an election.

The Conservatives have got a lot of mileage out of the job creation effects of the EDF. However, as an economic plan, EDF misses the mark on a number of counts.

First, it is ad hoc. No effort has been made to apply the scarce public funds in key industries. The NDP would apply the same money to a specific sector like mining machinery. Second, three quarters of the money that has gone to secondary manufacturing firms, excluding the pulp and paper grants, has been given to foreign corporations. Third, performance guarantees, such as R and D requirements, job creation and buy-Canadian, are very loose.

For instance, under the Ford grant, only half the capacity—

**Hon. Mr. Grossman:** What worries me is you believe what you say. I don't mind your reading what caucus wrote for you, what worries me is you believe what you say.

**Mr. Cooke:** That's one good thing about our party. We do believe what we say.

**Hon. Mr. Grossman:** That's what worries me.

**Mr. Cooke:** I'll repeat the last paragraph.

For instance, under the Ford grant, only half the capacity of the new engine plant is guaranteed. Because of recent layoffs, the project will produce a net loss at Ford, Windsor, of 700 jobs, instead of the promised 2,600 jobs to be created.

**Hon. Mr. Grossman:** Don't you wish we didn't have that plant?

**Mr. Cassidy:** The money was going to go forward. You have learned your lesson on Chrysler, but you sure didn't learn it on Ford.

**Hon. Mr. Grossman:** We will talk about it. We only guaranteed about 2,000 jobs in your riding, that's all.

**Mr. Cooke:** We will talk about the Ford grant. You didn't guarantee any jobs. You didn't guarantee 2,600 new jobs.

**Hon. Mr. Grossman:** Do you agree that we guaranteed the production of a certain number of engines over a five-year period—a million and a half?

**Mr. Cooke:** What you say for Hansard and what you say privately are two different things. If you have any courage, you will admit to this committee that the job guarantees in that agreement with Ford were not adequate.

**Hon. Mr. Grossman:** You just made a statement that we got no job guarantees in the Ford deal.

**Mr. Cooke:** It required 40 per cent production of the engines up to what—1980?

**Hon. Mr. Grossman:** So you agree there was a commitment in the Ford deal to produce a certain number of engines.

**Mr. Cooke:** That's exactly what my statement said—if the minister would read it. We said that the job guarantees were not adequate.

**Hon. Mr. Grossman:** Why don't you go back and repeat what you said?

**Mr. Cassidy:** Let's hear from the minister. In view of what happened at Ford, do you now feel that the job guarantees were adequate?

**Hon. Mr. Grossman:** I'm listening to your critic. I want him to reread what he said.

**Mr. Cassidy:** Were the job guarantees with the Ford deal adequate or not?

**Hon. Mr. Grossman:** Yes, they were.

**Mr. Cassidy:** A loss of 2,000 jobs at Ford was adequate. Is that what the minister says?

**Hon. Mr. Grossman:** That is only your view, that it is a loss of 2,000 jobs—

**Mr. Cassidy:** That's what's happening.

**Hon. Mr. Grossman:** Ford is out hiring 2,000 people right now in the Windsor area. They're doing it for the Ford V6 engine.

**Mr. Cooke:** GM is doing the hiring, not Ford.

**Hon. Mr. Grossman:** They are doing it for the Ford V6 engine plant. Without that Ford V6 engine plant, 2,000 more of those terribly horrendous—and the member is right—social cases would still be on UIC, would still be suffering. But 2,000 of them are back at work or about to go back to work in that plant because we have put the money there.

**Mr. Cooke:** Larry, you don't know what you're talking about.

**Hon. Mr. Grossman:** That is either a fact or it is not.

**Mr. Cooke:** You really don't know what you're talking about. They are not out in the community hiring the workers. The workers who are on layoff get recall rights from the casting plant, the engine plant and the other facilities where they are already laid off.

**Hon. Mr. Grossman:** So without the V6 engine plant, those workers would still be on layoff. Is that a fact or not?

**Mr. Cassidy:** The hype said there would be thousands of new jobs.

**Hon. Mr. Grossman:** And there will be.

**Mr. Cassidy:** Are you saying there will be an increase in overall employment at Ford?

**Hon. Mr. Grossman:** Over what there would be without the plant. Would you rather see a plant in Ohio?

**Mr. Cassidy:** I would like to see a protection of existing jobs, too.

**Hon. Mr. Grossman:** Are there more jobs in the auto industry in Ontario than there would be without the Ford plant? That's the simple question. The answer to that is either yes or no.

**Mr. Cassidy:** There are fewer jobs at Ford now with the new plant than there were before because the government took no steps to protect existing jobs.

**Hon. Mr. Grossman:** The fact that sales in the United States dropped off about 30 per



cent has nothing to do with layoffs, we all know that.

**Mr. Laughren:** What are you doing about the auto pact, Larry?

**Mr. Chairman:** Do you people want your critic to finish?

**Mr. Cassidy:** He's doing a grand job.

**Hon. Mr. Grossman:** They're getting a little worried about him. Do you want to answer the chairman's question?

**Mr. Wildman:** He could finish if the minister would follow, instead of reading Candide.

**Hon. Mr. Grossman:** Well, this certainly isn't Candide.

**Mr. Cooke:** Let me indicate to the minister that the 2,600 jobs at the Ford plant are not going to be new jobs, and I am convinced—

**Hon. Mr. Grossman:** There are only people there getting jobs.

**Mr. Cooke:** Just let me finish. I listened to you. I listen to you more often than I should. Now, maybe you can listen to me for two minutes.

The 2,600 jobs that are supposed to be created at that plant are not going to be new jobs. I am convinced that plant should have located and would have located in Windsor without the \$68 million that the taxpayers had to lay out. In fact I will quote to you a comment from the Fifth Estate program when Lee Iacocca was interviewed about Chrysler. He said, "We used the threat in Windsor that they would lose 2,600 jobs and we got 68 million bucks out of it." Now, that's his approach.

**Hon. Mr. Grossman:** Did he say that he would have come to Windsor anyway?

**Mr. Cooke:** I am telling you his approach to government. He'll take you for a ride and that's exactly what he did. Yes, I am convinced that he would have come to Windsor. If you people would convince the feds—Herb Gray and the rest of the Liberals up there—that they should enforce the auto pact properly, that plant would have come to Windsor and we wouldn't have had to bribe them to come to Windsor.

Finally, the government has refused to take any equity in these companies, despite the fact that as far back as 1974 a select committee of the Legislature recommended an expanded public investment role for the Ontario Development Corporations.

The Tory strategy is misguided because of its preoccupation with export-led recovery and continental rationalization schemes; its emphasis on trade with the United States and on attracting even more foreign invest-

ment; and because of its tendency to harness the multinationals in a way that plays right into their global strategies. These measures will have no fundamental effect on the balance of payments deficit and they will have an insignificant effect on getting back any of the thousands of jobs in manufacturing that the Conservatives have denied the Ontario people through past mistakes.

I will now outline the New Democratic Party's strategy. We believe that the present economic problems in Ontario, as a result of the decline of our manufacturing sector, lead to the conclusion that we must find a very different way of building our economy. We reject the acceptance of the status quo. We do not believe that an ad hoc approach, an export-led recovery scheme or global product mandating will significantly improve the Ontario economy. These strategies make us more dependent on the American economy and, in the longer term, reinforce the structural weaknesses already prevalent.

There are alternatives that this government should consider. We have to take concrete steps in the 1980s in Ontario to develop a strong manufacturing economy. We must have jobs for our young people. We must make Ontario once again a place where people feel secure about their future. We believe that the best way for rebuilding the manufacturing sector is to build a planned economy, with the government willing and prepared to be directly involved in creating new economic opportunities.

11:10 a.m.

Government should not only get involved when a Chrysler or Massey-Ferguson exists. Furthermore, when these situations do exist, the government should not be totally reactive. It needs to take initiative in many cases.

Massey-Ferguson is only the most recent example of the consequences of an economic policy which abandons the economy and the wellbeing of the people of Ontario to the whims and fancy of private enterprise. It is the seventh largest industrial corporation in the country and its history is a case study in governments unconditionally supporting private corporations pursuant to their own economic interests, regardless of the social consequences.

It should be remembered that this company was bailed out of the Depression with massive transfusions of public funds. It set up in Britain with British government grants, in France with French government grants, and in Brazil with lucrative incentives from

the Brazilian government. It also got aid from the Marshall Plan.

Massey-Ferguson got itself into trouble because of its ill-fated diversification program and its irresponsible debt accumulation. It is in trouble now because of management mistakes; and who but the workers are going to suffer as a result?

After 20-odd years of pulling dividends from Massey, at times when these dividends apparently were clearly not warranted, Argus Corporation bails out. The workers in Brantford and Toronto cannot bail out. After investing years of their lives in this company, their future is put into jeopardy.

If Massey-Ferguson had been under public control these problems would not now exist. If it had been a crown corporation we could be producing tractors in Ontario instead of importing them from the United States. We could be producing diesel engines in Ontario, rather than have Massey-Ferguson sourcing them from England. We could have used that company to take new initiatives into mining machinery production and to consider further possibilities.

Instead, because this government has made a commitment to noninterference with the private sector—except to provide those corporations with public money—we now have to scramble to try to save jobs that a company has put at risk. If our manufacturing industries are to develop, if Ontario residents are to look forward to a secure economic future, it is essential that the public sector play a vital role in the economy.

Government's more direct involvement in the economy is something that should have begun years ago. It is essential that we take action now. In Ontario, we must build Canadian ownership. We must build our domestic manufacturing sector through a strategy of import replacement. We must build the economic linkages that will develop our natural resources together with our manufacturing base. We must, through joint ventures and crown corporations, place the government in a strategic planning, directing and ownership role within the economy.

Ontario has a number of natural circumstances to contend with which are beyond the capacity of private enterprise to develop in the public interest. These features show where we should, initially, aim our industrial development efforts.

Our distances create a natural incentive to improve modes of transportation, communication and the associated electronics and materials capabilities which are necessary for holding us together. Our winters are

a clear inducement to develop more effective insulation, energy storage and heating techniques, as well as new and renewable energy sources.

Our forests are an invitation to expand beyond simple pulp production into important new high-technology areas, such as energy, chemicals, fibres and animal feed, as well as into furniture and wood products. Our abundant minerals offer many opportunities for electrical products and machinery. And our disappearing farm land and rapidly increasing food imports should spur efforts to revitalize the food processing industry and provide farmers the market which would encourage them to keep their lands producing.

Many of these opportunities bear directly upon everyday needs of Canadians, and the chief objective of the industrial strategy should be an industrial structure oriented towards producing for these needs. Since four fifths of the average income is spent on transportation, food, clothing, health and shelter and, since all of these areas are plagued by excessive levels of imports, any strategy for economic development must emphasize them.

Transportation provides important industrial opportunities for Ontario. The province must ensure that its urban and interurban transit industry can take advantage of the large market for new systems and for equipment to modernize existing systems. Since governments are so heavily involved in the design and purchase of conventional public transit machinery, roads and rail beds, only determined public planning can ensure that these opportunities are seized.

The same determination is necessary in the case of private transportation. Fifteen years after the auto pact integrated the Canadian automobile industry into a North American market, manufacturing here continues to exhibit the characteristic features of branch-plant industrialization: a well-developed assembly component, a correspondingly weak parts and research and development component, and an alarming trade deficit.

Since this industry is the most important element of the Ontario economy, one in six jobs and 72 per cent of Ontario's exports come from auto-related activities. It is essential that we begin to receive a fair share of the benefits of the auto pact.

In the auto parts sector, for example, there is tremendous potential for the creation of thousands of direct and indirect jobs. In the auto parts industry, 65 per cent of the firms are Canadian-owned but they employ only

20 per cent of the auto parts work force. The remaining 35 per cent of the firms are foreign branch plants which account for the vast majority of workers. Through proper enforcement of the auto pact and a strong policy demanding the sourcing of parts in Canada in exchange for allowing offshore cars into our market, we could vastly increase the demand for Canadian auto parts and move towards reducing our huge auto parts trade deficit.

Government has to assist the auto parts sector to increase its capacity. Instead of publishing fancy brochures, going around the globe in search of more foreign investment and more auto parts branch plants, our proper strategy would be to enter into a series of joint ventures with Canadian auto parts manufacturers to meet the high demand for auto parts which would develop if the terms of the auto pact were adhered to.

The processed food and beverage sector rivals the auto industry in the Ontario economy. It employs about 10 per cent of the manufacturing labour force and it is of strategic importance in a whole series of economic linkages which stretch backwards to our natural resource industry and forward into the retail and service sectors of the economy.

The important parts of the food and beverage industry are in a serious state of decline. Imports of processed fruits and vegetables, for example—products which can be grown and processed in Ontario—are costing thousands of jobs, millions in lost wages and are jeopardizing our future food security.

Food self-sufficiency, growing and processing as much as possible of our domestic food needs from domestic sources, is a necessary social and economic goal, not only at the provincial level but also at the regional and community levels. In order to realize food self-sufficiency it is imperative that we have a comprehensive food and agriculture policy, one that preserves agricultural land, increases the opportunities for domestic, independent food production and processing, and focuses on a strategy of import replacement.

These industrial objectives are closely related to other manufacturing opportunities.

Key parts of the 30,000-person Ontario textile industry deserve attention.

Our publicly-funded health system should rely on Canadian and, where necessary or warranted, publicly-owned and operated industries for input.

Public housing policies and initiatives can trigger important spin-offs. To consider only one example, if Ontario had a program of

insulating 100,000 homes every year, 2,000 jobs would be created in manufacturing and 2,000 more in insulation.

There are a number of key industrial building blocks which feed into all sectors: electronics and data processing; plastics and petrochemicals; steel and metal fabricating; electrical products; machinery and equipment. Such industries are essential foundations of any industrial society but, in Ontario, many important sectors are either undeveloped or in a state of decline.

11:20 a.m.

Mining machinery is one such sector. For years, we in the NDP have argued for public initiative in building this sector but the most this government has done has been to sponsor trade shows, a totally inadequate response to a very serious problem.

An essential step in changing our economic direction is recognizing that if we are to escape from our position on the fringe of the product cycle, we will have to become less dependent on second-hand technology used by subsidiaries of US corporations. Research and development and the entire process of technological innovation need to receive a much higher priority than at present.

It is clear that encouraging the multinationals to do more of their R and D here is not the answer. No code of conduct for multinationals will negate the fact that economies of scale lead companies to conduct their R and D through the head office unless expensive subsidies induce them to transfer some responsibilities to their Canadian operations. Any such subsidies should go to Canadian producers.

Our crucial task is to begin making Canadian producers efficient enough to take their place in competitive manufacturing. The Ontario government must, first of all, impose an R and D levy on large, high-technology corporations which do little such work here. At the same time, steps should be taken to enrich tax credits or subsidies for research and development by small and medium-sized Canadian producers in those industries which have the greatest importance for the province. This role will increasingly fall to the province because of the terms of the General Agreement on Tariffs and Trade.

Another related and significant barrier to industrial expansion in Ontario has been the actual shortage of skilled workers as a result of inadequate skill training in the past. In the past we have resorted to importing skilled tradesmen from Europe. It is reprehensible to continue doing so when Ontario has over 300,000 unemployed workers.



The government must establish a registry for manpower needs, create better career counselling services, encourage industry to promote ongoing education, place upon industry the requirement of financing the costs of the training from which it benefits and, in general, help implement the methods which have been outlined by groups such as the Ontario Federation of Labour.

No longer can the government say that the problem is our young people who disdain the apprenticeship and skill training programs. The fact of the matter is that Ontario's young people and unskilled workers do want the programs but too many employers refuse to participate.

To further complicate the issue, it is usually the small companies which actually do the training while the large multinationals either import workers or, with the promise of higher wages, entice them away from the smaller companies where they are trained. All firms must recognize the need for skill training and all firms have a responsibility to share in that training.

There are programs in place in European countries for achieving these ends. Companies who do the training are compensated while the ones that do not are taxed. Therefore, all share the cost.

Not only are we failing with the job training, but due to the government's cutbacks and failure to develop adequate linkages between our educational system and the broader social economy, we are also failing in the post-secondary school system.

I personally support the concept put forward by the Council of Ontario Universities that a research council be established as a way of co-ordinating and expanding research in Ontario. I understand, Mr. Minister, that your government supports that position but, when we were doing the Ministry of Colleges and Universities estimates, we got the impression that you and Bette Stephenson were arguing about which ministry should have the council. We look forward to you people solving that problem and an announcement on whether or not we are going to have this council.

I could go on for hours pointing to the government's inadequacies in contrasting its ad hoc approach to my party's industrial strategy approach. But since my colleagues will have more to say on some of the issues later, I won't continue much longer today.

However, before I conclude, I want to briefly discuss another central theme of the NDP's industrial strategy. I have already stated that my party would take a building-

block approach to Ontario's manufacturing sector. Part of that approach involves our commitment to increase the contribution of our natural resources to economic diversification by developing supplier technology and services and by stimulating areas of manufacturing which will encourage greater use of our resources within Ontario.

Resource policy can and must be integrated with our manufacturing strategy. Our major resources, minerals and forest products are extremely important to our provincial economy. A fair return to the public from these resources would enable us to make an excellent start in building our manufacturing industries.

Increased rents and resource taxes would be a step in the right direction. For instance, in 1978, while Saskatchewan derived 18 per cent of the value of its non-oil and gas mining production, Ontario was collecting only one per cent. Saskatchewan, as a result, has a well-endowed Saskatchewan Tomorrow Fund, while Ontario has very little to show for the billions of dollars' worth of mineral production.

The NDP recognizes the need for a strong public presence in the resource sector, a public presence that goes beyond handouts to include joint ventures and direct ownership. The NDP in Saskatchewan has shown just how much crown corporations can contribute to economic development. When this committee hears the estimates of the ministries of Natural Resources and Northern Affairs, I am sure that my colleagues will spell out what is possible from Ontario's resources.

Suffice it to say for now that we in the NDP believe the government should be actively involved in the creation of wealth. The government must become a full partner in economic development and not just a lender or provider of last resort. It is not enough for the state to act as a regulator and supporter of private enterprise and then expect multinational corporations to act in the interests of the province and its people. History seems to have shown otherwise.

We believe that with public policy initiatives such as I have outlined, emphasizing key sectors and building the necessary base to support a strong manufacturing sector, we can achieve full employment and therefore achieve economic and social justice for our people.

To this end we have introduced three pieces of legislation in the assembly which outline some of the economic rights the people of this province deserve. In two of these bills, the Job Security Act and the Women's

Employment Equality Act, we are addressing the injustices that currently exist; how, at present, workers are forced to shoulder the burden of the present economic problems; how they are denied adequate pension protection and severance pay when corporations decide to close down or relocate; how women are discriminated against in the work place; how they are ghettoized in certain job fields by lack of skill training programs; and how many of them are prevented from entering the work force altogether, by the inadequacy of support structures, such as access to day care facilities.

Our third bill, the Full Employment Act, points the way to the future. A government, if it is to act in the interests of the people it is supposed to represent, must be committed to full employment. It must make that commitment public and it must develop mechanisms to demonstrate and ensure that commitment is being realized. Our bill does precisely that.

Those three bills have received first reading. The efforts, Mr. Minister, to which your government goes to block these bills from passing into law will be a clear and unequivocal statement of your government's commitment or lack of commitment to address the problems and very serious hardships that confront individuals, families and communities across this province.

11:30 a.m.

**Mr. Chairman:** If that completes your remarks, Mr. Cooke, I think we agreed we would go to tourism.

**Hon. Mr. Grossman:** Perhaps I will commence. I would say to Mr. Cooke that when we are finished the tourism section I will have a few comments to make in response to his statement.

Mr. Chairman, when we broke off from Mr. Cooke's statement this morning we were beginning the discussion of tourism and my response to Mr. Eakins' remarks the other day. I might ask the assistant deputy minister, John Maxwell, to come up here and join us so that we can commence a full discussion.

We were discussing the effects of the "Ontario-Yours to Discover!" campaign, and we have done substantial follow-up work because the campaign is so important to us. We had, for example, some test groups, some focus groups, in—I will just take one or two of them—to review the television commercial. The following responses were obtained:

The script as a whole was well heard and well understood. The results there were 59 per cent, versus a norm for that type of

commercial of 44 per cent; in other words, how much of the content the viewers understand and absorb.

The logo: The Ontario flag and logo were identified by 76 per cent of the respondents immediately.

The summary impression as to "the way it was done" were mostly favourable. About 70 per cent of those involved in the sample side reported favourable response to that.

Advertising awareness: As I indicated earlier, the awareness after four or five months—five or six months now—was extraordinarily high for a campaign of this nature. I think the newspaper insert in early summer was most successful in accomplishing that goal. As the members will recall, it was the first time we had gone that route. We have been distributing further copies as they have been requested, and they have been requested from literally all over the province. I think it was one of the most successful things we have done.

We followed up with our analyses and research to see just which vehicles had been most effective in getting to the "Yours to Discover!" theme. Our focus group indicated the following returns:

We asked the respondents to recall where they had heard the slogan. Sixty-three per cent responded that they recalled the slogan as a result of television, 42 per cent from a newspaper insert or from newspaper advertising, and 41 per cent from magazines; again, a very high percentage.

A high percentage of the respondents recalled receiving and looking through the newspaper insert; 50 per cent of those individuals claimed to have kept the book for two weeks or more; and almost 40 per cent had kept a copy of the book six weeks after receiving it. That gave us very good results, better than we could have expected in that new adventure for us.

You might be interested in knowing the sample size; we are talking about a very substantial one. It was 1,000, which is a fairly large sample group.

**Mr. Eakins:** What was the total cost of the campaign?

**Mr. Maxwell:** The whole campaign, Mr. Eakins, is \$9.5 million. That particular insert was three quarters of a million dollars or 23 cents apiece.

**Hon. Mr. Grossman:** Mr. Eakins was asking about the "We treat you royally" campaign. We are currently re-evaluating "We treat you royally" because we think the slogan is not mutually exclusive with "Yours to Discover!" and has some recognition out

there. There is still a lot of evidence of the sign and the slogan, the training campaign.

**Mr. Eakins:** Was "We treat you royally" sidelined because of "Yours to Discover!" or was it left?

**Hon. Mr. Grossman:** "Royally" was essentially pointed towards a different goal. First, to make the basic Ontario citizen more aware of the importance of tourism. Second, to make the Ontario citizen more aware of the importance of treating our visitors well; and third, to let our visitors who were here know we treat them royally. So it was very much more domestically oriented towards atmosphere and mood setting, plus the training program that attached to "We treat you royally" for the second and third years of the campaign.

Of course, the "Yours to Discover!" campaign is a much more aggressive marketing tool and was designed specifically as a result of research to find out how the market tests, rather than to let climate and atmosphere.

We don't intend to throw away "We treat you royally" because as an atmosphere and climate setting thing it was really quite successful and we liked it. We are reviewing that right now within the ministry and getting input from Tourism Ontario with regard to how we might best use "We treat you royally" and the goodwill that is in place.

We are now working with the industry as well to find the best and most effective way of working in the hospitality training programs that were instituted under "We treat you royally." We want specifically to find out ways in which we can design the training programs to suit particular types of establishments because, of course, while we have the hospitality institute coming into Toronto, that won't meet the needs of someone who is employing 15 students to work for the summer in Fort Frances in an essentially "ma and pa" operation. We want to be better able to provide training programs unique to different parts of the province. We are continuing to work on that "royally" program, and any comments you might have on that would be most helpful to us.

There was some reference made to the study in which we are participating in Los Angeles. The code word in all we talked about in the ministry is the Plog study. I'll be damned if I know what P-l-o-g stands for. Maybe John can tell us.

**Mr. Maxwell:** He is the man with the company doing the study.

**Hon. Mr. Grossman:** Oh. I thought it was a symbol. Anyway, the Plog study—which is an incredible name for a company—is a study

being done on international markets. The confirmed clients, the subscribing clients to this important study are the following: Air Canada, British Airways, Continental Airways, Lufthansa, Pan Am, Pacific Southwest Airlines, United Airlines, Boeing, Marriott Hotels, Holiday Inn and Western International. There are 10 car manufacturers and two additional firms in the travel industry that are considering subscribing to this research work.

It is costing us \$44,000, and we think it is one of the most important things we have done because essentially it is the major study being done—by the best-equipped people, we understand, in North America—on the future tourism market. I think that is terribly important as we develop financial assistance programs to try and give some guidance to Tourism Ontario and their clients and their members, with regard to what the profile for the industry is going to be, the future tourists.

**Mr. Eakins:** Why Los Angeles?

**Hon. Mr. Grossman:** It is very simple. The major source of the information has been collected by this firm, which happens to be located in Los Angeles. There was a choice we were considering, in fact.

**Mr. Hall:** Are there any Canadian personnel on this job?

11:40 a.m.

**Mr. Maxwell:** I cannot answer that. They will be doing research in Canada partly. The expertise in exploring the future of this market resides in the US. It is an international study.

**Hon. Mr. Grossman:** Yes. During the last three or four years, we have seen the major growth in tourism in Ontario, being, of course, the overseas markets, and—

**Mr. Hall:** This concerns me though, Mr. Minister, because I get the continuing impression that tourism on the west coast is such a north-south relationship with our western provinces. I am wondering how that is going to feed over to Ontario.

**Hon. Mr. Grossman:** We hope this is one of the things this kind of study will tell us and that is why the airlines, for example, are subscribing to it. It is hoped it will give some insight into movement patterns, destination patterns, mobility patterns, over the next decade.

In other words, why is that happening? Are they travelling internationally by, as you say, sticking to the west coast, and east coast people sticking to the east coast, or is it because of the specific attractions they are



finding out there? And is that going to change over the next 10 or 15 years?

One of the major problems we have been struggling with is the enormous number of Japanese tourists, for example, who come to BC and often to Alberta, to Banff. Now Niagara Falls is very well known to them, and we do get a fair share. If you have been to Niagara Falls you can see it.

**Mr. Eakins:** Many groups are coming to Niagara Falls.

**Hon. Mr. Grossman:** Yes, we are getting a lot of Japanese tourists.

**Mr. Hall:** Until now, the total tourism in Niagara Falls has been declining over the 1970s, has it not?

**Hon. Mr. Grossman:** I think this year Niagara Falls was up. Yes, Niagara Falls was up this year. We might discuss Niagara Falls. I would not mind doing that.

But essentially one of the major challenges we have is, notwithstanding the fact we are doing pretty well with the Japanese tourists to places like Niagara Falls and the whole eastern Canadian market for Japanese tourism is increasing, it is a major hurdle yet to get the vast numbers who are going to BC and Alberta to take another long trip to central Canada.

We are putting a lot of effort into studying that. This study should give us some further insight. For example, is that going to continue? Is that a function of exchange rates, or is it a likely ever-increasing trend in Japanese travel patterns? And as Korea begins to improve its economic performance, are we going to see a lot more Korean international travel?

Likewise, we are seeing an enormous increase from Europe. It would be something like a 17 per cent increase from Europe this year. Now is that pattern going to hold? We think it is. But how much of that is related to exchange rates and what can be done if it is not? Are they coming because it is cheaper, or are they coming and going to continue to come because of a different experience, and what exactly is a different experience?

Those are things that must be done by firms with international expertise. Of course, we in Ontario should have, in my opinion, as much information as our competitors have at hand when they are planning their tourism strategy.

**Mr. Hall:** I understand the Japanese are so programmed that they have three and five-day holidays in Canada from Japan, if you can imagine. Therefore it would seem to

me they only have a short period of time. If they are coming to Ontario, they would come to a large centre where they could touch base with a variety of things in a hurry. I would be interested to know what the real facts are on that and what your study will reveal as to the length of stay.

**Hon. Mr. Grossman:** The very real problem for us, in understanding the Japanese market, is this: Both in our understanding and advertising in that market, our dollar against the yen makes it staggeringly expensive for us to go over there or retain on-the-ground consultants there to do that analysis of the Japanese market. The advertising cost is staggering as well. That is why we hope that hooking into people who will end up having a large amount of money at hand, because of the number of clients they have, and are doing overall research for all of them they will be able to help us in understanding those aspects.

One of the things we are wondering about in terms of Japanese tourism, your critic will be interested to know, is that at the present time most of the Japanese tourism is in groups. Is that a pattern that is going to hold? If it is going to hold, then we know what our challenge is: to put together packages; to work with the airlines as we have been doing more and more; and to work on putting together group tours that will take them to see the various things they want to see—obviously, Niagara Falls. More are becoming aware of Toronto and hopefully we can make them more aware that there are other parts of Ontario which give them a totally different experience than they are getting—

**Mr. Eakins:** The Japanese are group-oriented. I know that two groups come to Ontario mainly because of the inter city arrangement with Dundas and Lindsay, for for instance.

**Hon. Mr. Grossman:** What is the sister city to Lindsay?

**Mr. Eakins:** There are four communities in Ontario which have sister cities in Japan: Hamilton, Dundas, Lindsay—I believe there is one more. There are at least three.

**Hon. Mr. Grossman:** Probably Brantford.

**Mr. Eakins:** Lindsay is twinned with a community on the northern island of Hokkaido.

**Mr. Makarchuk:** We are twinned up with Osijek in Yugoslavia.

**Mr. Eakins:** Hamilton has a sister city. This is an example of groups coming to

Ontario particularly, because they want to visit the sister cities. Kaga, Japan, and Dundas have been twinned.

**Hon. Mr. Grossman:** Have you been obliged to visit your sister city?

**Mr. Eakins:** I visited there in 1970 during Expo. We had excellent hospitality there.

**Hon. Mr. Grossman:** I try to encourage you people to stay in Ontario, John.

**Mr. Eakins:** I was there to visit Ontario's pavilion.

**Hon. Mr. Grossman:** Mr. Eakins has pointed out, with validity, the challenge for the Ministry of Industry and Tourism in terms of the number of industries we interface with. I would like to talk for a moment about a question which is raised every year and in every speech you give, the question of separation of ministries.

One of the things that is underestimated is the resources that are available to the tourism side by virtue of the rather substantial capacity we have built up to feed the industry sector branches of my ministry. Obviously, I have a number of people reporting to John Maxwell on the tourism side. I also have a very strong division reporting to Dunc Allan on the industry side. On a regular basis there is interfacing between those groups so that Dunc Allan interfaces with and helps John Maxwell with his problems and concerns. There are interfaces with other ministries.

I have a policy and priorities branch which is very strong at the present time and was recently fortified again. That policy and priorities branch, which numbers about 60 at the present time, would not be available to our tourism ministry alone. Tourism would have some policy and priorities people, no question about it, but surely it would not have either the extreme numbers of people or the extreme talent that we obviously put in a ministry that serves both industry and tourism.

I think we often underestimate the value of having that combined resource. There will be times when Dunc Allan or, from my other staff, D. B. Tully, head of Ontario Development Corporation and David Girvin, head of our field staff, all of whom have had a lot of experience at various levels throughout government, are available to help us with some of these interfaces. One thing I have done on a fairly regular basis, which some of my civil servants complain about, is to take them off their line responsibilities to fortify or help in other areas on specific tasks. I think that is a degree of clout and ability

you would not find in a separate ministry of tourism.

**Mr. Eakins:** This is the first year the government has really acknowledged, one might say, the importance of tourism within the ministry, acknowledged it by the appointment of Mr. Maxwell as the assistant deputy minister which has given it a higher profile.

11:50 a.m.

**Hon. Mr. Grossman:** We did that in April 1979, so it is a year and a half.

**Mr. Eakins:** Right, just recently.

**Mr. Hall:** On that theory though, Mr. Minister, think what you could do if you had Consumer and Commercial Relations and the Treasury with all the interfacing going back and forth.

**Hon. Mr. Grossman:** I could not handle all that, Ross. I know you think I could but I could not handle all that.

**Mr. Hall:** Do not be so modest.

**Hon. Mr. Grossman:** It is true. I have to tell you that.

**Mr. Wildman:** Why not just have one big ministry?

**Hon. Mr. Grossman:** This government acts like one big team. It is much like that.

**Mr. Eakins:** Tourism deals with 14 ministries and that has been one of the problems in the past. As I recall, with the new road signing, Transportation and Communications proceeded without even consulting at that time with Tourism Ontario.

**Hon. Mr. Grossman:** John might want to respond to that or he might want Tom to respond.

**Mr. Eakins:** We could deal with that later. I just point that out.

**Hon. Mr. Grossman:** We can deal with it right now.

**Mr. Maxwell:** There is a signing committee, Mr. Eakins, that has representation from the ministry and also from Tourism Ontario, which has been in force for about two years, I think.

**Mr. Eakins:** I am pointing out that when the original signing took place for the new design of the road signs, the Ministry of Transportation and Communications had not communicated with Tourism Ontario, which is the umbrella organization. I recall background letters coming from it and Resorts Ontario saying, "We were not consulted." It was not until there was a bit of concern raised by the different tourism associations that the ministry took them into its confidence and asked their opinion. I think the

only people consulted were the campgrounds group.

This points out the need for a close liaison through Tourism with the other ministries. This may be improving at the present time, but certainly it was not so in the past. There are many other examples which I could and will point out.

**Mr. Hall:** You know you have a continuing conflict of purpose between Transportation and Communications and the desire to promote Industry and Tourism on the sign policy. They must be fun meetings when you go to try and influence them.

**Hon. Mr. Grossman:** Two points: First, as Mr. Maxwell has pointed out, we now have a signing committee upon which my ministry sits. It is at a high level. The number two man in my division, Tom Gibson, sits on the committee. We are there and we play a very active role. On two or three occasions I have become involved myself.

The second point I would make is that is going to be a concern and a problem whether there is a separate ministry of Tourism or not. It is one of the problems in balancing literally everything one does. In most cases, we have been able to reach a compromise with Transportation and Communications when there has been an important point of disagreement. We have had some success.

I could tell about the sign we got put up for Niagara Falls. On Highway 401 there was no sign because the strict interpretation of the Transportation and Communications signing policy would not have Niagara Falls as the next closest municipality of a certain size but, of course, Niagara Falls being such a great tourist attraction we got MTC to put up a sign. I could take you through several of those things.

All I can say is that at the present time I think it is far better than it used to be. We are fairly satisfied that tourism concerns are met. I can tell you there is no sense at all that we are just there to try to argue a case and that ultimately it is MTC's decision. If there is anything that is really important to us, we take it to the cabinet.

**Mr. Laughren:** You think you have problems. Mr. Smith says the Liberals would have fewer ministries while the critics say they would have more. They have their problems, too.

**Mr. Eakins:** That is not true. You just read the surface.

**Mr. Makarchuk:** You mean it is the other way around?

**Mr. Laughren:** That is true.

**Mr. Eakins:** We would not create any new ministries whatsoever. It is not necessary.

**Mr. Laughren:** You would create two of them.

**Mr. Eakins:** We said "realign" them. You should read some of the background, Floyd.

**Mr. Laughren:** Oh, I have read it. You would have a separate ministry of tourism.

**Mr. Eakins:** I want to point out just one further thing, Mr. Minister, in regard to the Ministry of Transportation and Communications and road signing. I appreciate there has been an improvement over what it was two or three years ago. There was only one way we could go and that was up.

One thing I would point out to you, and to Mr. Maxwell, is that in Haliburton county, for instance, there is only one ski resort. The gentleman who owns that ski resort cannot put up a sign indicating the direction to that ski hill because the Ministry of Transportation and Communications policy states one cannot put up a sign where two intersecting highways join. It must be a highway and a county road. I think that is stupid. It's the only ski resort there.

This is an example of stupid Ministry of Transportation and Communications policy. There should be some discretion. How are we going to promote tourism in Haliburton, as an example, where there is one ski resort and, because of this policy, one can't put up a sign? They say: "It's okay if you want to put up a field sign which is back so many hundred yards from the highway or whatever it is. If it's a county road and a provincial highway, fine, we'll allow you a sign, but not where there are two intersecting highways." I think that's stupid. That's just one example.

**Hon. Mr. Grossman:** I'd like to be able to argue with you but I can't.

**Mr. Eakins:** It's true.

**Hon. Mr. Grossman:** Oh, I'm not disagreeing with you.

**Mr. Wildman:** Did your ministry have anything to do with the changes in signs?

**Hon. Mr. Grossman:** Oh, yes we did.

**Mr. Wildman:** The changes in signing in Lake Superior park along Highway 17?

**Hon. Mr. Grossman:** You bet we did.

**Mr. Wildman:** If that is the case, what further changes do you anticipate in other provincial parks to get away from the inadequate type of signing along highways?

Previously the signs used to give the impression to the tourist that there were a



long series of small parks or campgrounds between Montreal River Harbour and just south of Wawa when, in fact, it was all one park with various stopover points or places one could visit along the highway. They now have a much better system. They put up a system of signs which indicate to the tourist that these are very different points of interest he can visit within one large park.

What role did your ministry have?

**Mr. Maxwell:** This whole program is going to be expanded to try to make it a lot easier for the travelling public to know what's available. It's one thing to have it in a document or road map but it also is necessary to point it out on the actual highway. There are other parts of the province where it's going to be necessary to do that as well.

**Mr. Wildman:** Before, the MTC used to have only one type of sign and that was "provincial park." It put up these signs saying "provincial park" every time there was a campground along the highway and the impression was given that there were a large number of very small parks rather than a number of camp grounds within one large provincial park.

**Mr. Maxwell:** A lot of this falls under the area of tourism and parks. We are working very closely with the Ministry of Natural Resources on the marketing of parks. It's one thing to have the park but we also have to tell people what's available at the park. The fact that it hasn't been signed properly is one of the opportunities we have to correct things.

**Mr. Eakins:** On the question of highway signing, Mr. Maxwell, what part will your ministry be playing in the international code? I understand there's an international code of signing.

**Hon. Mr. Grossman:** That's the question mark.

**Mr. Eakins:** The question mark, yes. I've had a lot of people wondering what the question mark is and some people have said it's so small—

**Hon. Mr. Grossman:** When I find out, I'll let you know.

**Mr. Eakins:** —one is not going to see something that's on that sign. Is this part of international signing? Is it accepted by the Ministry of Transportation and Communications?

**Mr. Maxwell:** It's accepted by those who design signs. It has not been accepted by the travelling public.

**Mr. Eakins:** Is this international?

**Mr. Maxwell:** Unfortunately yes, Mr. Eakins. Our friends to the south think we just don't know what's up that road with a question mark and an arrow.

12 noon

**Mr. Eakins:** I can believe it.

**Hon. Mr. Grossman:** In the United States they are beginning to move to that international signing too and that will be helpful. They will be as confused as we are for the first couple of years.

**Mr. Eakins:** Is there a standard size for these signs? Will they be hard to recognize?

**Mr. Maxwell:** There is a standard size for the sign. We have also asked, at least as an interim position, that instead of just a question mark they put "information" under it until such time as the travelling public understands what the question mark means.

**Hon. Mr. Grossman:** That is being done. You will see the standardized signs in a lot of places already—the same size, same design, all part of a planned economy. That is for my friend over here.

We should talk about some of the interfaces that we have with some other ministries such as Culture and Recreation. As you probably know, the Arts and Tourism Conference is on right now. It is a new initiative we have taken because it presents a tremendous potential for working together. John Maxwell and I will both be at the conference today. We are cost sharing with Culture and Rec and are providing a great deal of assistance to that program. The registration for that is excellent.

**Mr. Eakins:** Historic parks and sites come under Culture and Recreation really, yet they are also part of Tourism.

**Hon. Mr. Grossman:** Yes. We have worked closely with, for example, Sainte-Marie Among the Hurons and Old Fort William to make sure that we are promoting them. They are trying to adjust their seasons and operations to the needs of the tourists. That is not going too badly.

**Mr. Eakins:** Do you see that more as a Culture and Recreation function or as a Tourism function?

**Hon. Mr. Grossman:** Some of the most valuable tourist attractions in this province are run by other ministries. It doesn't mean they belong in our ministry simply because they are tourist attractions. What we try to do with the other ministries is to see that we are getting the maximum benefit out of them.

**Mr. Eakins:** Do you think you are?

**Hon. Mr. Grossman:** I'm not sure. But let me finish this point.

Culture and Rec from time to time has made—sensibly from their standpoint—a purely financial decision with regard to the season for Sainte-Marie Among the Hurons. That may not have been the same decision that I would have made from a Tourism standpoint. So far we have been able to work that out. To be quite open and honest, I'm not sure that the current distribution by ministry is the right one. I don't know. We are looking at it.

**Mr. Makarchuk:** One of the matters that is of great concern to me regarding the tourist industry in Ontario is the fact that after daytime activities—swimming or boating or whatever it is—the tourist generally looks for some evening activity. You will find that is limited in many areas of Ontario.

If you want to increase the tourist trade, you have to put some major effort into these cultural activities—theatres, art shows, operas, local groups or whatever it may be. You really have to make that a direct policy of your ministry, either in co-operation with Culture and Rec or by yourself, to ensure that these things are available.

One of the things one notices about the European tourist trade, apart from the historical sites and so on that you can wander around during the daytime, is that in just about every community and resort area there are activities going on in the evening, such as operas, shows, plays, et cetera.

In Ontario we are at the point where we have some evening attractions. We have a theatre in Lindsay, and one in Port Dover which, for the first year, was quite successful and attracted a lot of people. But, by and large, the problem of what to do with one's evening remains. A lot of tourist become bored. The amount of activity available to them in the evening is limited in the various tourist areas, and I think one of the directions you should be following is to see what can be provided during that time.

A lot of people say they come up here to rest, but they rest after their holidays generally, not during them. They would like to see something happen at night.

**Hon. Mr. Grossman:** They could come here for night sessions.

**Mr. Makarchuk:** No, that would put them to sleep. They would get bored pretty quickly listening to John Williams giving one of his perorations. That would turn them off Ontario and politics forever.

**Mr. Hall:** You have Alexander Graham Bell's place.

**Mr. Makarchuk:** That is not really an exciting area to visit at night.

The other point that perhaps you should concern yourself with, and I am sticking my neck out here, is permitting the bars to stay open later than 1 a.m. in tourist areas.

**Mr. Hall:** It didn't work out too well in Windsor.

**Mr. Makarchuk:** No, but I have a feeling it will work out quite well in Orillia, Huntsville, Owen Sound, Port Dover and various places like that. The tourists are there. They want some activities.

It works both ways. If the bars are open the proprietors will make more money. The chances are they will bring in a better calibre of entertainment, better service. They will improve the facilities. I think it is something that will go; it will develop.

Let's forget our puritanical background and what some of your polls are saying and look at the reality. Look at what is happening in other provinces—Quebec is a good example. Or look at the States. One place I stayed at this summer in Ohio had a notice that said "People making unnecessary noise after 4 a.m. will be prosecuted." You can see they allow their people a lot of leeway.

**Hon. Mr. Grossman:** What the hell were you doing in Ohio, Mac?

**Mr. Hall:** Does the NDP want gambling too, Mac?

**Mr. Makarchuk:** We will deal with that some other time. I am not interested in gambling at this time.

I do think, in terms of making that industry a lot more viable for Ontario, that these are some of the areas you have to move in.

I was recently in Bulgaria, at a place called Varna, which has seasons—

**Hon. Mr. Grossman:** You've been in Ohio and in Bulgaria?

**Mr. Makarchuk:** Yes.

**Hon. Mr. Grossman:** You're the cause of our goddamned deficit.

**Mr. Makarchuk:** It has seasons similar to ours and is on the Black Sea coast. There was no swimming, the beaches were bare, but the hotels were packed. The hotels were packed with European tourists from France, from England, from West Germany. I will admit the travelling distances are a lot shorter, but they came because there were these rather luxurious facilities. I don't know how a country with a population of about eight or nine million can afford such luxurious facilities. They make the Harbour Castle look like a flea-pit in comparison.

**Hon. Mr. Grossman:** Socialism at its best.

**Mr. Makarchuk:** I am not sure. But they were full of tourists and they did have a lot of activities going on in the evenings in terms of operas, plays, et cetera.

I think the ministry should move in that direction. You should look at some of the struggling little theatres, the Lindsay and Port Dover theatres, for example, that are trying to establish themselves. I am sure there are some developing in Orillia and other areas as well. You should try to encourage them, as one approach, and see what you can do.

Once you have achieved that balance you will have word-of-mouth advertising. If people have a good time here, they will go back and tell their friends and that is the best advertising you can have. When they go home and say, "We skied, but the evenings are pretty boring," chances are they will go elsewhere next time, to some place where the action is.

The younger people are the big spenders and travellers these days. If you want to get people from various areas of the States who will travel long distances, you will find it is the younger and middle-aged people who are doing the travelling and they are the ones who want round-the-clock activity.

**Mr. Eakins:** I think it points out, Mr. Minister, the important part that the Ministry of Industry and Tourism plays with other ministries, the close relationship and liaison that has to exist. Many of the things that happen in other ministries affect directly the tourism industry. There has to be close liaison there. I think what the honourable member said is absolutely correct. We can't isolate what we think of as tourism from everything else. There really is a close involvement.

12:10 p.m.

I appreciate the member's mention of the Kawartha summer theatre in Lindsay, which is one of the great theatres in Ontario. It is developed now and is operating in the black. Some of our bigger theatres are not doing that. They have more than an 80 per cent capacity audience which I think is excellent. These are some of the tourism facilities that have to be considered.

Yet, when one is looking for assistance or at some other aspect of theatre, one thinks of Culture and Recreation. There is a very close relationship between other ministries and Tourism, and I would like to see much closer liaison than we have had in the past. In some ways we have moved closer, but there is a big distance to go yet.

**Hon. Mr. Grossman:** I don't disagree. I don't want that to be taken as agreeing that the hours of consumption should be extended, but on the other matters, in terms of working with the other ministries. We are working closely with Culture and Rec, as I indicated, on some of those events. Obviously Northern Affairs is involved with the Northern Affairs pavilion at Ontario Place, and also with Minaki. We have spent a great deal of time with Natural Resources trying to put together a package for the first time which will really make the provincial parks part of our tourism packaging and tourism plant in this province. I think you will see the results of that very shortly.

You know about the Transportation and Communications signing committee. We are working with Treasury and Northern Affairs on discussions with regard to getting a DREE tourism agreement—we are playing the lead role in that at the present time—so there is a great deal going on.

**Mr. Eakins:** Wouldn't you agree it is time for a major review of the relationship between Tourism and the other ministries?

**Hon. Mr. Grossman:** I would argue that it is going very well. No matter what you write down on paper—

**Mr. Eakins:** I am thinking of the total package.

**Hon. Mr. Grossman:** One could say that person B should henceforth co-ordinate with person C because that is the responsible line position in Culture and Rec, for example. However, with my current staff we are in a position where we are very effectively getting co-operation from the other ministries.

I look at the bottom line, the end result. We have a signing committee which is pretty responsive now. We have Culture and Rec, who are co-ordinating their attractions to the tourism plants. I am still uncertain, but it is basically being done to a satisfactory level. As well, MNA and ourselves are working well together. If I thought there was a problem in communications or co-operation, I might agree that it is time to study the way we work together.

**Mr. Makarchuk:** You are talking and studying, but as the minister responsible for tourism, what initiatives have you taken to ensure that the other ministries are actually putting in or are assisting some of these other-than-physical-activity programs?

**Hon. Mr. Grossman:** We have just reviewed a great number of them. The signing committee of MTC—



**Mr. Makarchuk:** I am not talking about bloody signs. Nobody is going to get much recreation out of reading your signs. I am talking about evening activities. Maybe some weird people are travelling around the province in the evening to read Larry Grossman's signs.

**Mr. Eakins:** That could be an evening's entertainment.

**Mr. Makarchuk:** Yes, it could be.

In terms of specific initiatives, what has your ministry done to bring about some of these other programs that I mentioned earlier?

**Hon. Mr. Grossman:** We are currently considering a fair number of proposals. The Muskoka theatre is one, and there are several others, with regard to the cultural additions. I think, too, we should not forget, for example, what we have done with the Forum, where a good number of days every year are reserved for the Toronto Symphony Orchestra and the ballet.

**Mr. Makarchuk:** I wouldn't worry too much about Toronto.

**Hon. Mr. Grossman:** You never have.

**Mr. Makarchuk:** Outside of the hours, which I think are still ridiculous in Toronto, but that's a personal opinion, I am not too worried about extracurricular activities. What I am concerned about are the smaller communities, generally resort-oriented communities, that are very lively in the summer and then comes the middle of September and they are dead.

**Hon. Mr. Grossman:** Let me tell you. Specifically we are working with each of the 12 tourist associations to make sure we are actively promoting what they have going in their communities.

**Mr. Makarchuk:** So what have you accomplished?

**Hon. Mr. Grossman:** If you take a moment and, for example, flip through the newspaper supplement, you will see there and in a lot of the other things we are doing a great number of those activities being promoted very aggressively. There is a whole long list of them.

I could sit here until one o'clock reading off the list of those kinds of culture-related tourist activities we are promoting; everything from Stratford right through to the theatre in Victoria. There are hundreds of them.

**Mr. Makarchuk:** Once again, I realize we have had Stratford for a long time and you have been leaning on Stratford for a long

time. Every time we raise this, you say: "Stratford, and, of course, we have Niagara-on-the-Lake, and we have the Lindsay theatre. This year, by hook and by crook and by guess and by God we have a theatre in Port Dover," et cetera, and so on.

Basically, a lot of these projects can get off the ground a lot quicker, be better operated, will not have to worry about where their next day's finances are coming from and everything else, if your ministry took an active role.

**Hon. Mr. Grossman:** But, very seriously, there are a good number of them out there. Second, anyone out there who has a proposal has been talking with our tourism field staff throughout the province. We are working with a great number of people on specific proposals. I could give you the list, but I don't happen to have it with me this morning. But at any time there are a good number of those types of things which are being considered by us. Every time—

**Mr. Makarchuk:** I raised this matter about two years ago. Of course, at that time you told me exactly the same thing. I really cannot say that I have seen a great change happening.

**Hon. Mr. Grossman:** There is a reason for that, Mac. The reason is you don't take the bus. You have to get out of that foreign car you are driving and get to the bus stops in Toronto. If you go into any bus stop in Toronto you see a list of activities being advertised—it is changed every month—which promotes a large number of the very kinds of things you are talking about.

Fourth, if you look at any of the brochures being put out by the 12 travel associations—which are funded by us; \$50,000 for promotion—you will find out that those brochures are mainly pointed towards advertising precisely those kinds of things. That is why we have decentralized it from Queen's Park.

**Mr. Makarchuk:** I agree you have a nice advertising campaign and you put out a lot of paper with beautiful colours on it, nice pictures, et cetera, "compliments of the minister" at the bottom. But the point is, if they are going to advertise something, let's have something going on that will interest tourists, not some little festival here or there, which is really not the kind of thing tourists are basically interested in.

You want something there on a very consistent, daily basis, from day to day, for at least the period of time at the tourist season.

**Hon. Mr. Grossman:** I just cannot let this section of the estimates go without saying we

are clearly doing that. I would say we are marketing that sort of thing and supporting it better than any jurisdiction anywhere. You have probably received by now your copy of fall events. Just as a random example, we let the folks of Ontario and the world know that Lobsterfest was in Brantford on September 13 in the Civic Centre, Market Street South. I just want to make this point, so that the record is at least clear, because I know someone is going to get a reprint of these estimates.

12:20 p.m.

In just our fall events brochure, we have antique shows, art exhibitions, craft shows, dance, dog shows, flower shows; I'll leave out horse racing—and music. The last two pages are devoted to music.

Mr. Makarchuk: That is not what I am talking about. Every community has things like that going on, fall fairs, et cetera.

Hon. Mr. Grossman: Isn't that precisely what you wanted us to promote?

Mr. Makarchuk: We're not arguing that you promote them or notify people these things are going on; that's not the point of the discussion. What I am saying is some consistent types of entertainment that tourists want are not available in a majority of the resorts right now. Once you recognize that and start dealing with it, then you will have a much healthier tourist industry.

Mr. Hall: Mac wants you to build them and get into show business.

Hon. Mr. Grossman: We will have a lot of good entertainment at Minaki, which is the only one I am building.

Mr. Cooke: Why be so defensive? That's a good suggestion. Why don't you say it's a good idea?

Hon. Mr. Grossman: The point is Mac hasn't visited any of our Ontario resorts. He's been in Ohio and Bulgaria.

Mr. Makarchuk: I have been to more Ontario resorts in one month than you've been in 10 years, probably.

Hon. Mr. Grossman: Careful there.

Mr. Lane: A supplementary question on your thought: I think an awful lot of the tourists want to participate in what is going on locally. Why should we worry about funding entertainment for them when there are all kinds of attractions locally?

Mr. Makarchuk: Like what?

Mr. Lane: On Manitoulin Island we have had a steady increase in tourists over the last five years and as far as I know we have

not spent any dollars trying to provide evening entertainment with government money.

There are all kinds of activities locally. They do go to the flea market. Somebody made a suggestion a few minutes ago; they have all kinds of fun at auction sales. They go to the ball games; they go to turkey dinners; they take part in what is going on in the community and enjoy themselves; and they come back in greater numbers every year.

Even the ferry going to Manitoulin Island has a special rate in the fall when you go to see the colour of the leaves and so forth. There are all kinds of things happening.

They don't want to be told where to go. They want to make up their own minds where to go, because there is a choice up there.

Hon. Mr. Grossman: I would like to add to that. I think we have to be very careful about having Queen's Park come down on municipalities and tell them what kinds of evening activities they ought to be having in order to help us get tourists into the province. I think it is very important, through our travel associations and through Tourism Ontario and, in large measure, our field staff out there in the community, that we have a situation where the communities themselves decide what the mix is going to be.

Often, I have to tell you, there are some communities in this province—I wish it weren't the case, but it's their choice—which opt very obviously not to change their life-style or environment in any way whatsoever in order to accommodate the tourist trade. Others change it dramatically. But I think that decision basically has to be made at the local level. When that decision is made and they develop the kinds of things they want to have as part of their community, then it is our job to make sure those things are funded, if they need some extra funding, and it is certainly our job to help promote them. I would argue very strenuously that we are doing both of those things.

Mr. Eakins: There are a number of areas I would like to get into. On the interministerial thing I want to bring up one particular comment and then I will be through with that.

With all the ministry advertising that I noticed this summer, one particular area that could be attractive to tourism was not even mentioned. In fact, many people in Ontario are really not as aware of it as they should be. That is the tax rebate to people from out of the province who purchase goods

and take them out of the province within 30 days.

When you go into stores and ask people about the rebate, many of them do not even know about it. I know the Ministry of Revenue did put out a booklet on this after some questions in the House. However, I see very little advertising telling the people about this. Would you comment on that?

**Mr. Laughren:** Another glimpse of Liberal restraint.

**Mr. Eakins:** Why have it on the books and not tell the people about it? It has been there 25 years.

**Hon. Mr. Grossman:** I don't think we should pretend that we can key a major portion of our advertising over the fact that you get a seven per cent rebate on retail sales tax. I do think, when visitors are here, we have very effectively displayed throughout the province, in conjunction with the Ministry of Revenue, those rebate forms.

This year for the first time we have put ads in the American newspapers, advertising the rebate and the fact the exchange rate is 15 per cent. This is the first year we have actually gone into the American market and advertised even the exchange rate differential. The federal government—you'll recall them—was advising us it was bad policy to advertise the exchange rate benefits because, in their view, if we advertised it as a 15 per cent differential, by the time tourists got here it could be 10 per cent. They've been known to be wrong before so we took the wise decision, I think, to advertise both that and the rebates. You'll see a sample of this in our—

**Mr. Eakins:** Do you feel the retail outlets in Ontario are sufficiently aware of this to notify people or to deal with it?

**Hon. Mr. Grossman:** I'm not sure all of them are.

**Mr. Hall:** Are you advertising cheap gas?

**Hon. Mr. Grossman:** I don't think we're advertising cheap gas. We are advertising availability.

**Mr. Wildman:** May I ask a question? Considering the minister's recent comments and the controversy in the press and his comments—

**Hon. Mr. Grossman:** Which controversy?

**Mr. Wildman:** His comments this morning regarding the heritage question and Culture and Recreation, I was wondering what promotion the ministry is contemplating in the People's Republic of China about that out-

rageous semi-hero, Dr. Norman Bethune, and his birthplace.

**Hon. Mr. Grossman:** Indeed, I had occasion to have dinner with the ambassador from the People's Republic of China and with Mr. Endicott, a good friend of yours, at which time there was a toast to Dr. Bethune. I'm not sure whether I joined in the toast. I can't remember. It does wonders for the Taiwanese, too.

**Mr. Hall:** Getting back to the gas, concern has been expressed before about making a small gain for tourism but incurring a substantial loss in terms of the gas and the need for more gas imports because of that. I thought you tended to back off from that program.

I remember in the standing committee on public accounts, Red Wilson and you discussed the high degree of flipping across the border to fill up and then go back. It distorts your numbers so badly. I recall that later on the Minister of Energy (Mr. Welch) wondered whether a time was going to have to come when you would come up with a full-tank restriction on such operations.

You use the word interface. Has there been any interface with those who are worried about our energy supplies and who see you promoting such a thing?

**Hon. Mr. Grossman:** Yes, I think that's quite a good example. I wish I had thought of it myself because, in that situation we worked very closely with the Ministry of Energy here and the federal Department of Energy, Mines and Resources. Both energy ministries were concerned about the gasoline problem.

**Mr. Hall:** Why would you be advertising the availability of gas? There's no shortage of gas in the United States.

**Hon. Mr. Grossman:** I can only tell you that market research in the US shows that is a concern among our potential customers. Whether they should be concerned is another question but, if that is one of the things they consider when they make holiday decisions, we sure as heck should tell them the facts. The fact is we have availability. We have a secure supply.

It's a good example, though, that the federal ministry was concerned over what was happening at the border points. They relayed that to the Ministry of Energy here. The Ministry of Energy here spoke to us and we all agreed, as a result of the intervention—not intervention but the consultation with ourselves and the Canadian Government Office of Tourism—that we had to be careful not to over-react and throw up warning signals unless there was a real problem.



Once the perception of a problem with gasoline gets into the mind of the American tourist, it takes a hell of a lot of advertising to let him know the problem is past. What the Ministry of Energy was talking about was a rather moderate plan to deal with border jumpers. The fact is, when you begin to move against that who knows how that will be interpreted throughout the American travel market?

12:30 p.m.

As the result of all ministries sitting down, discussing the problem, and getting a good perspective on it, they agreed to withhold taking further action until they saw just how serious the problem would be and what our gasoline supply would be. As a result, no action needed to be taken. It could be that, without the advice from CGOT and ourselves, action might have been taken which would have proved to have been unnecessary and would have harmed the tourism business. It's a good example of working together.

**Mr. Hall:** Obviously, with the discussions you have had, you must, in dialogue with your federal counterparts and the Minister of Energy, have come up with some numbers as to how much the extra sales are and what they are costing us. I would be interested to know how large that is.

**Hon. Mr. Grossman:** I'll see if I can get that for you.

**Mr. Hall:** I would be more concerned about the availability of stations that are open than about whether there is any gasoline to come out of the hose. I notice in my infrequent travels in the United States that it's now more of a question of where to find gasoline.

I can also cite that in the whole stretch from Fort Erie to Toronto you have never, in your interface with the MTC, managed to put up service centres of the nature you have on Highways 401 and 400. It's great to see the fork, the spoon, the bed and the pump saying, "get off here," but once one gets off there, I tell you down in the peninsula one has to wander a long way to find where the gasoline is.

**Hon. Mr. Grossman:** It's interesting. On the 401, the complaints we get are about the quality of the service stations and the prices.

**Mr. Hall:** Restaurant quality.

**Hon. Mr. Grossman:** Yes, and they're right. At the same time there's no question but that those facilities obviously draw business away from the small businesses just off the road. On the Queen Elizabeth Way we've gone in the

other direction. We've opted in favour of the small businessman who is operating a service station or a restaurant just off the highway, rather than having a government-owned and leased-out highway type of facility.

**Mr. Hall:** You've certainly gone too far the other way, though, Mr. Minister.

**Hon. Mr. Grossman:** I'm not sure.

**Mr. Hall:** I'm not saying it's all your ministry. There is a Ministry of Agriculture and Food owned and operated fruit and vegetable sales thing in Grimsby. The first thing any tourist sees is three Johnny-on-the-Spots as the toilet facilities. They are even the closest to the highway. Talk about "no class". I've used a line in the public accounts committee, you certainly don't give them the royal flush down the peninsula way.

**Hon. Mr. Grossman:** We give them the royal Welch down there. May I say I have had more letters about toilet facilities on the Queen Elizabeth Way than I've had about Minaki Lodge. This is driving me crazy and the situation will be resolved.

**Mr. Hall:** You can appreciate that your small operator does not appreciate that kind of help. Setting off that sort of trade for the small, local entrepreneur is not doing him any large favour.

**Hon. Mr. Grossman:** Let's put it in a little bit of perspective. A lot of the people who complain about the inadequacy of those facilities can get off the road and go to the local entrepreneur who has a gas station and a snack bar. Nonetheless, the situation is unacceptable on the Queen Elizabeth Way. There's no question about it.

**Mr. Hall:** The Niagara tourist region naturally is a little paranoid about it. They feel there's a great desire to get the hell out of Niagara pretty fast because of the obvious deficiencies.

**Hon. Mr. Grossman:** We are fixing it. As you know, after all these years we are finally moving ahead. We have built the Fort Erie tourist information centre, we are building the Niagara Falls tourist information centre and, very shortly, as I indicated earlier, we will be going ahead with St. Catharines.

**Mr. Hall:** I understand there is a jurisdictional question as to the size of the land.

**Hon. Mr. Grossman:** We have it sorted out. We will be going ahead with St. Catharines which will, I assure you have more toilets than you ever wanted to see.

**Mr. Hall:** One at a time is enough.

**Hon. Mr. Grossman:** We thought it would be a good spot for Mel Swart to stop at when

he goes to get the paper in Buffalo. In any case, we are going to have that problem solved with good facilities. I am kidding about more toilets than you will ever want to see but we will have adequate facilities in St. Catharines.

I might add that, for the Niagara region, you will understand that is a commitment simply to establish those three tourist information centres of about 3 million.

**Mr. Hall:** It's no big deal considering you've saved it for 30 years.

**Hon. Mr. Grossman:** In Victoria and Haliburton they think \$3 million is a lot of money.

**Mr. Eakins:** Haliburton is next.

I have two or three areas I would like to get into, if I might.

**Hon. Mr. Grossman:** It is up to you. I could finish a couple of responses.

**Mr. Eakins:** Sure.

**Hon. Mr. Grossman:** Mr. Eakins asked what we were doing relative to the grading exercise. We have contributed \$295,000 to Tourism Ontario this fiscal year to finance the startup and administration of the grading system. We have also agreed to provide promotional assistance through our tourism publications, technical consulting assistance through our operations branch, and financial assistance, for the purposes of upgrading establishments, through our tourist and loan program. You may want to discuss grading a little more later on.

**Mr. Eakins:** I understand the response is coming in very well to some of the information that is going out.

**Hon. Mr. Grossman:** Yes. We are rather pleased, although I think the government will have to be prepared for the fact we are going to take some flak from people who think they should have had a higher grading. You won't be unhappy to see us getting the flak.

**Mr. Eakins:** Good public relations will help with that.

**Hon. Mr. Grossman:** It's pretty tough though.

**Mr. Eakins:** I know from the background it is under way and I think the public relations has to continue because people travelling now are a little more sophisticated than they were. They are looking for better facilities. I think the principle is good and the general idea and thrust has to get through to the people—and to the operators first, of course.

**Hon. Mr. Grossman:** I am pleased your perception is that the public relations aspect

is going fairly well because it is really the key to making it work.

**Mr. Hall:** Did you say the private sector is doing the grading?

**Hon. Mr. Grossman:** Yes, and Tourism Ontario.

I have a fairly detailed response to the Ontario Hostelry Institute issue you raised. I will read you the response and then we might discuss it further.

**Mr. Cooke:** When are we adjourning, Mr. Chairman?

**Mr. Chairman:** One o'clock.

**Hon. Mr. Grossman:** You can leave. That's okay.

**Mr. Cooke:** No, I have one question to ask and I am sitting here patiently waiting.

**Hon. Mr. Grossman:** I am probably going to talk out the clock.

**Mr. Cooke:** It wouldn't be the first time.

**Hon. Mr. Grossman:** Or the last. Following the studies and—

**Mr. Hall:** I waited for an hour and a half today.

**Hon. Mr. Grossman:** We had the Ontario hospitality executive committee recommendations in 1977 and the Ontario Hostelry Institute was established in 1979, last fall, by my ministry and the Ministry of Colleges and Universities. Funding was made available by Colleges and Universities for a two-year pilot project. We are expecting interim reports to be filed with myself and my colleagues very shortly.

At this stage the OHI is not playing a direct role in enlarging the number of training positions in the community college system, nor in the employment of people with skills training in the hospitality field. That is at this stage. Up to three years of training are required before most of these persons are ready to enter the job market. A number of accomplishments and findings have resulted from the pilot project. I have had an interim note sent to me because of your question last week and the following accomplishments or findings have occurred during the pilot project itself, which the OHI has influenced—

**Mr. Eakins:** Are you speaking of George Brown College of Applied Arts and Technology?

12:40 p.m.

**Hon. Mr. Grossman:** We will run through them here.

Enrolment in the hospitality divisions of George Brown and Fanshawe Colleges has doubled. The calibre of those entering hos-

pitality training has improved dramatically. During the past three years, there has been a 400 per cent increase in students enrolling in George Brown College's skilled cooking training who have university credits.

There are not yet enough training positions. George Brown College, despite the expansion of facilities, had to turn down a large number of qualified applicants in September 1980, hence the need for expanded facilities.

The rest of this information basically outlines the need for the facility. I think that has been established. Now the question is where and how much.

One of the things which you saw discussed in the news, no doubt, was the question of the hostelry institute going into one of the convention centre proposals from Toronto. That is something that is very much under consideration.

Mr. Cooke: Why could it not be done in a community college?

Hon. Mr. Grossman: It could be. It may well be done there.

Mr. Cooke: In the various colleges?

Hon. Mr. Grossman: It could be. It is a question of the cost of putting the facilities in and how many different facilities you should have, or whether we are going to have it some place where practical experience can also be obtained.

Mr. Cooke: We should be able to get practical experience in a community college by field placement and that type of thing. That option has not been eliminated obviously.

Hon. Mr. Grossman: Oh, no.

Mr. Eakins: I would hope after it gets off the ground that it will expand to the community colleges, because I think that is an ideal place.

Hon. Mr. Grossman: Let me simply say—you may want to come back to it later—all of those options are open and we hope to have a firm decision on it very shortly. All I am saying with regard to the convention centre is that is a new option which we have to look at before we make a final decision as to community colleges.

You raised the question of convention tax deductibility. You saw the tax treaty in Ottawa which would finally solve the problem. Our information is that the earliest ratification of this treaty would be about a year from today.

I cannot add much to what you have read. The reports on it are fairly accurate. I would think, and I have said it publicly, that the United States over-reacted and were unfair in their reaction. I thought we had broken the

back of it some time ago, but the lobbyists got back into action. In any case, the tax treaty solves the problem. It will likely be another year until it is approved.

The question of farm vacations: I am glad my friend is here from Wellington-Dufferin-Peel. Are we promoting farm vacations? In 1980 we received 5,000 copies of Farm Vacations, which we distributed through the travel centres. Five thousand copies of it were distributed through the travel centres. Here it is. As a matter of fact it is the same cow we used over here, if it is a cow.

Mr. Hall: You are a real pamphleteer, Larry.

Hon. Mr. Grossman: My name is not even on the farm vacation one I will have you know.

Mr. Hall: That was an oversight.

Hon. Mr. Grossman: We will fix that next year. Right.

Mr. Cooke: Is there a picture of you on the cover?

Hon. Mr. Grossman: No, this is the best we could do.

Mr. Hall: We will put Larry behind the plough.

Hon. Mr. Grossman: It is printed by my colleague, the Minister of Agriculture and Food (Mr. Henderson).

Mr. Hall: His picture is on it.

Hon. Mr. Grossman: I have just had handed to me a document I find very interesting. It is a German publication with an Israeli bus in the background. There is a section on Ontario, which includes farm vacations. I could read that section to you, if you would like, Mr. Chairman.

In 1981 the information with regard to farm vacations will be listed in our 1981 accommodations directory. You will be familiar with our accommodations directory; farm vacation information will be listed in that for the first time.

The addition of the farm vacation listings in that publication will increase exposure to potentially 400,000 people, whereas at present the information on farm vacations is supplied on request only. So we will have taken the farm vacation thing from a request-only situation to a distribution of information to 400,000 people. That is quite a—

Mr. Eakins: You are aware that Michele Landsberg spent Thanksgiving on a farm vacation program.

Hon. Mr. Grossman: No, I was not. In which part of Ontario was that?



**Mr. Eakins:** In Bruce county; Kincardine, Port Elgin.

**Mr. J. Johnson:** Would it be possible to appoint someone in your ministry to act in a responsible manner to co-ordinate the farm policies, someone from whom, for instance, I could request information? I think we should check into the programs offered by the various provinces and maybe a few of the countries that are engaged in the same program and see if they have some ideas that could be incorporated into Ontario.

**Hon. Mr. Grossman:** John Maxwell will have someone look at that specifically.

**Mr. J. Johnson:** Could you give me a name that I could contact?

**Mr. Eakins:** There's a very huge potential in that market.

**Hon. Mr. Grossman:** We should have Dunc look at that. He looks after racing cars, and he can look after farm vacations. Go ahead.

**Mr. Maxwell:** I think in that respect an expansion of the market is going to be required. One of the difficulties we find is in some of the lists there are only 22 to 30 farms listed and we cannot really mount a large marketing effort for 22 rooms.

We see emerging right now an increase in the desire for bed and breakfast facilities, which this fits into, not only in the rural areas but in urban areas. It is cyclical. It is coming back.

A lot of the younger people are coming from Europe on tours. Air France, for example, will, with their "vacances" tour, put 500 people on a 747. They land 500 people and they are looking for bed and breakfast accommodation and want to tour the country. So we have to develop a plant in this regard and find more places and more opportunities across the province so we have something to sell to the European market—and to the US, where it is now growing as well.

**Mr. Hall:** And change the zoning bylaws that have been placed all over the province.

**Mr. Maxwell:** Yes, there is a problem with that.

**Hon. Mr. Grossman:** That is a matter for the local municipalities to sort out. We do not heavy-hand it in the local areas.

**Mr. J. Johnson:** Before we become too concerned about the European market we should take a look at our proximity to the American market. We have 20 million to 40 million Americans sitting right on our borders who are within a day's drive. They can be looking for one of these farm vacations, or even bed and breakfast accommodation. Today they

are looking for affordable accommodation for a short period of time to which they can take their children—a nice clean environment that is not going to cost them half a year's salary.

These are the people who maybe today are not taking vacations. I do not think we are going to cut into an existing market. I think there is another market that could be developed.

**Hon. Mr. Grossman:** Thank you.

**Mr. Cooke:** Maybe you could start developing Essex county that way.

**Mr. Eakins:** I visited one on Manitoulin Island. I was very impressed.

**Hon. Mr. Grossman:** I have it right here.

**Mr. Hall:** On this matter of bed and breakfast, just to deviate a little bit, I am wondering if the ministry has done any comparative studies of the cost of restaurant meals in our urban centres as opposed to those in the United States and whether you have learned anything from them, and whether you have found any relationship particularly with Toronto restaurants but restaurants everywhere as to the cost of their meals.

I have to say it is my impression that prices are higher in our urban centres than they are in many places in the United States. I think there will come a time when this is going to work very badly against Canadian tourism if the cost of the meal itself continues on the trend that it seems to have been on.

**Hon. Mr. Grossman:** We have some statistics on it and perhaps we can talk about that tomorrow night when we have had some staff look at it. Your problem, Ross, is in Toronto you eat at Winston's and La Scala too often.

12:50 p.m.

**Mr. Hall:** I have never eaten at either, so that's your problem, not mine.

**Mr. Cooke:** It's the Tories who go to La Scala, is it not?

**Hon. Mr. Grossman:** When I was last at La Scala, I saw your leader with six members of the press.

**Mr. Cooke:** He must have been there with some Tories. We talk to them once in a while.

**Hon. Mr. Grossman:** No, he was with six left-leaning members of the media.

**Mr. Hall:** The cost differential is really amazing to me. I just don't understand why it is so much higher here in Toronto.

**Hon. Mr. Grossman:** We'll have a look at the stats.

Mr. Eakins was asking about the state of trade in Ontario tourism. In other words, how did we do this year?

Mr. Eakins: You suggested we had an outstanding year. The point I want to make is: What data do you have to show what type of year it has been to date? I seems to me in the first six months there were some problems. I hope it was a good summer. I know it was very wet in many places.

Hon. Mr. Grossman: The state of trade for the first six months in 1980 over 1979, which was the best year we have had in many years, as you know, shows that US visitors—we won't count the increase in autos coming the same day, because I wouldn't want to give an unbalanced view of it. That was up 52 per cent, so we won't count that.

Autos coming from the USA for one night are up 1.3 per cent. Air travel: Trade is up about 1.7 per cent. Total increase from the USA has that same date counted in, so that won't give you a fair figure.

Total for other countries, international trade is up 9.3 per cent this year.

Mr. Eakins: That's to date?

Hon. Mr. Grossman: That's the first six months. Those are all the figures that are in now.

Our head office tourism inquiries, which is a fairly good indication of what is happening out there—these people are calling to find out—are up 13 per cent overlast year. Mail is up 11 per cent; telephone inquiries up 12 per cent; travel centre inquiries up 19 per cent; referrals are up 24 per cent.

Visitors from selected countries, just to give you a sampling: UK is up, January to July, nine per cent; West Germany, up one per cent; Japan up 13 per cent; all other countries, 14 per cent; for a total increase of 9.3 per cent.

Mr. Hall: What is the trade balance in dollars with Ontarians taking foreign holidays? Do you have a figure on that?

Hon. Mr. Grossman: For 1979 we have brought it down from about \$620 million to, I think, \$480 million.

Mr. Hall: You are still in a deficit position.

Hon. Mr. Grossman: Yes, but—

Mr. Eakins: The federal deficit, then, is still over \$1 billion.

Hon. Mr. Grossman: It's down to about \$1 billion, I think, John, isn't it? Yes. We have really had a couple of quite good years. For example, in Ontario last year we dented the deficit by about 20 per cent in one shot. When the convention centre comes on

stream, that will be about another 20 per cent again in one fell swoop.

Mr. Eakins: You mentioned in your statement the increase in people coming into this country. What about going the other way? Has there been a corresponding increase or has there been a decrease?

Hon. Mr. Grossman: Strangely, I don't have those figures with me this morning. We'll bring them tomorrow.

Mr. Maxwell: Referring to Europe, we can get the exact figures; there is a decline to all others and I think there is a marginal increase to the US.

Mr. Eakins: What percentage of that increase do you take into consideration in regard to your advertising versus the cost of energy, the difference in the dollar, that type of thing?

Mr. Maxwell: All those factors are taken into consideration in terms of where we allocate the funds. The allocation of funds to Ontario is a marketing principle to try to sell to customers who are closer to home. It represents almost two thirds of the business. At that point, it takes into consideration the dollar and the cost of transportation. That is also taken into consideration in the marketing, if you will, in the United States.

Mr. Eakins: Can you put a handle on how effective your advertising has been in the US and overseas?

Mr. Maxwell: I have spent most of my life in the advertising and marketing business and effectiveness can only be measured at the cash register. One can do all the research one likes, but if the business is not coming in there is something wrong with the program.

From all the indicators we have I would have to say the program is working. I think it is working reasonably well. Business is up. It is up in several of the key indicators we look to: the accommodation business, the resort business, attractions, border crossings—excluding the one-day visits which the minister mentioned we are excluding. By all those factors, the "Ontario—Yours to Discover!" campaign seems to be working, whereas in other parts of the world they are having problems marketing their tourism product.

Mr. Hall: How did the "I Love New York" campaign do? Have you heard how successful it is?

Mr. Maxwell: It is in its fifth year and it is probably going to be in the advertising hall of fame as one of the best pieces of copy that has ever been written. It has been very successful.

**Mr. Hall:** Despite the fact that it did not even have a minister's name or picture tacked on it? I am surprised at that.

**Mr. Maxwell:** Governor Carey has his name attached to everything we have seen.

**Mr. Hall:** Not the ones I have seen.

**Mr. Eakins:** Claude Bennett had his picture in Times Square once, I believe.

**Hon. Mr. Grossman:** Is that right? I did not know that.

**Mr. Maxwell:** In the comparisons we have done, taking "I Love New York" in year one versus "Ontario—Yours to Discover!" in year one, which is the only fair comparison, "Ontario—Yours to Discover!" appears to be doing better. Even looking at "I Love New York" awareness figures now, which are roughly at 66 per cent, ours, being at 43 per cent at month five, look pretty good. We are very pleased. With the "I Love New York" campaign, it made it a lot easier to have a capital city in a state that had the same name.

**Mr. Eakins:** Of course, they were on the canvas at the time. They had nowhere to go but up.

**Mr. Maxwell:** That is right. They were in serious trouble.

**Mr. Eakins:** They were in bad shape. Anything that happened could only be an improvement.

**Mr. Maxwell:** It not only increased business; it turned the city around. Most people credit the "I Love New York" campaign with instilling a degree of pride in the city of New York in its own residents which certainly helped the situation.

**Hon. Mr. Grossman:** "Preserve It, Conserve It."

**Mr. Cooke:** That type of campaign probably would not be useful in Ontario. We do not just want to promote Toronto. We want to promote the entire province.

**Mr. Maxwell:** That is why we went with "Ontario—Yours To Discover!" The research we did from Thunder Bay to Cornwall indicated people wanted to know what was going on. In studying the responses made to looking at the Traveller's Encyclopaedia, we found people were simply amazed at all of these things were there. Hence, the "Ontario—Yours to Discover!" copy line was developed and tested. That is why we went with the insert, to promote all of Ontario.

**Mr. Cooke:** Except for Windsor-Essex.

**Hon. Mr. Grossman:** We are going to make it up to you.

**Mr. Chairman:** If there are no more questions, the committee will adjourn until 8 o'clock tomorrow evening.

**Mr. Cooke:** Mr. Chairman, I do not have a policy question but I wanted to ask the minister and the Liberal members a question about scheduling.

1 p.m.

Could we plan to have a discussion tomorrow evening on Massey-Ferguson Limited after the minister has responded to my opening comments? We have a couple of caucus members who would like to ask some questions on that and, therefore, by giving the minister notification now he could have whoever he has to have here tomorrow night.

**Hon. Mr. Grossman:** In accordance with the desires of the committee, it was my understanding it had been agreed that because Mr. Maxwell has to go to the tourism ministers' conference next week and would be unavailable next week, we would continue through tomorrow night to the completion of the tourism discussion. If that is completed tomorrow night, I would go on with my response to you—

**Mr. Cooke:** I don't want the two and a half hours. I was thinking that a discussion on Massey-Ferguson would consist of about an hour.

**Hon. Mr. Grossman:** My first point is, I'm not sure that we'll finish tourism tomorrow night. I'm in the hands of the committee on that. I will certainly be in a position to respond at some length to your opening remarks tomorrow night, if we finish tourism, or Tuesday night.

In any case, the amount of information we could provide on Massey, other than that which is already available, would be very restricted. I understand your interest in discussing Massey and I might urge upon you and your caucus members that it would be, if anything, helpful to us if you would put your views on the record, as we did during the Chrysler thing. In other words, I don't at all want to suggest that estimates time should not be used to hear your views on Massey. I don't want to mislead you by suggesting that there's a great deal more information that—

**Mr. Cooke:** I understand the problem but it would be helpful to myself and my colleagues in caucus who aren't normally on this committee—and, I'm sure, your officials—if we could get the agreement of the Liberal critics that we would plan on spending even



just the last hours, from 9:30 p.m. to 10:30 p.m., on Massey. Would that be acceptable to the Liberal critics?

**Mr. Hall:** We think we could work towards that. We expect tourism will probably be finished by 9:30 p.m.

**Hon. Mr. Grossman:** I don't want any misunderstanding. There isn't a great deal more information we can give out than that which is already available.

**Mr. Cooke:** I think we can discuss some of the alternatives and we would certainly like to put on the record our position, as I'm sure the other critics would like to do. Perhaps, if we finished tourism by 9:30

p.m., we could go on to Massey and you could save your response to our opening remarks until next Tuesday.

**Hon. Mr. Grossman:** I would be agreeable to that.

**Mr. Chairman:** I think all groups are satisfied to accommodate this as much as possible.

**Mr. Hall:** We haven't heard from Mr. Johnson, but I assume he's as co-operative as usual.

**Mr. J. Johnson:** Always.

The committee adjourned at 1:03 p.m.

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Maxwell, J. O., Assistant Deputy Minister—Tourism







No. R-33

# Legislature of Ontario Debates

## Official Report (Hansard)

### **Standing Committee on Resources Development**

Estimates, Ministry of Industry and Tourism

**Fourth Session, 31st Parliament**

Thursday, October 16, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Hansard subscription price is \$15.00 per session, from: Sessional Subscription Service, Central Purchasing Service, Print Procurement Section, Ministry of Government Services, 9th Floor, Ferguson Block, Parliament Buildings, Toronto M7A 1N3. Phone (416) 965-2238.

Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

## LEGISLATURE OF ONTARIO

### STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, OCTOBER 16, 1980

The committee met at 8:11 p.m. in committee room No. 1.

#### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (continued)

**Mr. Chairman:** I think we can get started.

On vote 2304: Tourism development program:

**Hon. Mr. Grossman:** Mr. Chairman, I have the answers to interesting questions raised by Mr. Eakins the other night. One of the questions raised was whether Canadians are continuing their penchant to travel abroad. From the year to date, it appears that Ontario foreign travel was up 3.4 per cent over the previous year. That reflects an increase of about four per cent to the US and a decrease of eight per cent to all other countries. This is interesting because it means that a lot of people are obviously opting for driving vacations and shorter vacations, more affordable ones in North America rather than very expensive overseas ones.

I might point out that although the year to date for all other countries was off about eight per cent in terms of Ontarians traveling abroad, interestingly, August was off about 20 per cent, so summer travel particularly was down quite dramatically. Of course we are still waiting for the good old winter season when other climates offer something we can't offer, but the year-to-date figures also reflect January, February and March when that was the case as well. What it really shows is that during the summer, which is our peak period, we did pretty well.

I was interested to get these figures with regard to a question raised by Mr. Hall, who was spending a lot of time in expensive restaurants in Toronto or other places. We checked in the April 7 edition of World Business Weekly and we got some figures from that. The chart shows what it costs to stay around the world in US dollars. I'll give you some selective figures for hotel and breakfast: Toronto, \$46.00; Montreal, \$53.72; Vancouver, \$49.32; Los Angeles, \$73.00;

Houston, \$83.00; New York, \$89.00; Paris, \$113.00; and London, \$137.00. We should pass this around to some of the select committees that travel regularly.

**Mr. Cook:** Is that the mean or average?

**Hon. Mr. Grossman:** Reading from the report, "The visitor index is based on the dollar cost of three nights in a room with breakfast, along with two dinners in the hotel and one in an average restaurant in the city, three bottles of house wine, one hotel lunch, two snack meals, one three-mile taxi ride and five whiskeys." That may put the calculation out of whack for some people.

To get some more representative ones in here, other figures are Tokyo, \$81; Rome, \$61 I am rounding these off—Sydney, Australia, \$66; and Copenhagen, \$79. Dinner out in Toronto is \$16.79. That would be a very fine restaurant, say, in the downtown part of my riding. Vancouver unaccountably is \$14.26. Comparative figures are New York, \$25; Montreal, \$23; Los Angeles, \$16, which is less; Houston, \$22; Paris, \$33; and Tokyo, \$40. Hotel lunch figures are Toronto, \$7.14; Vancouver, \$6.30; New York, \$16.50; Montreal, \$12.60; Los Angeles, \$8.00; and Houston, \$12.25.

That is fairly representative. I must say it came as a bit of a surprise. I was aware that we were quite competitive but in terms of those rates I did not know we were so much below some of those jurisdictions.

**Mr. Cooke:** Those figures really don't give an indication of what the average working class family would be looking for.

**Hon. Mr. Grossman:** Other than Mr. Makarchuk.

**Mr. Cooke:** I said an average working class family, not a person who is fortunate enough to have an MPP's income.

**Hon. Mr. Grossman:** If they are going to travel to these places, it is a pretty fair ranking, an indication of where Toronto ranks costwise as opposed to the other jurisdictions. They ranked the composite of all of these things—hotel and breakfast, dinner, cost of wine, whiskey, beer, snack, three-mile taxi



ride, hotel lunch, dinner à la carte and other miscellaneous activities. They rank the jurisdictions in terms of cost, and Toronto ranks as the fifty-first.

You would be interested to know the most expensive one was Peking.

Mr. Cooke: I have never been there, and there are a lot of other places to go to before I go there, unless the select committee is going there.

Hon. Mr. Grossman: I see Khartoum is forty-seventh. In any case Toronto is fifty-first out of 65. You will all be wondering what the most expensive one is. It is London.

Mr. Eakins: Have you the Scandinavian figures?

Hon. Mr. Grossman: Yes. Copenhagen is seventeenth, Amsterdam, twentieth; Brussels, fifth; and Geneva, thirteenth. We should check places like Sweden. Stockholm is sixteenth.

Mr. Eakins: It was expensive two years ago.

Hon. Mr. Grossman: Socialist countries are very expensive. We also checked quite a number of Holiday Inns in order to compare Toronto, Montreal and Vancouver. The range for breakfast would show that Toronto was about 75 cents cheaper for breakfast than Montreal and about the same as Vancouver. Lunch was about the same in Toronto and Montreal but higher in Vancouver. Dinner was estimated to be the same in Toronto and Montreal and about \$2 higher in Vancouver. Those are estimated figures. So all in all, we are not too bad.

8:20 p.m.

We also have the travellers' international cost-of-living index. I would give it to you, but Mr. Cooke will not be interested. It is designated as costs of accommodation and meals per day for executives, but it also shows these in Canadian dollar costs. The Canadian dollar is at 101; US, 171; Austria 156; Belgium, 207—

Mr. Cooke: Why would I not be interested?

Hon. Mr. Grossman: It is for executives. I like to see them spend their money.

Mr. Cooke: I like them to spend their money too. I just wish working people would be able to afford to.

Hon. Mr. Grossman: Wait a minute. I want to check Bulgaria. Bulgaria was 142 in Canadian dollars.

Mr. Makarchuk: How come you were not there at the fair? Everybody else was; what the hell is the matter with you?

Hon. Mr. Grossman: Which fair?

Mr. Makarchuk: Plovdiv in Bulgaria.

Hon. Mr. Grossman: I was at home trying to find jobs for Canadians.

Mr. Makarchuk: I did not say you, but you should have had some representative there.

Mr. Cooke: That is a first.

Mr. Makarchuk: You were trying to find jobs, so you start monkeying with the jobs available.

Hon. Mr. Grossman: What else have you got?

Mr. Cooke: I have one or two more questions. Putting this together, did you personally put the screws on this thing?

Hon. Mr. Grossman: No. I am going to do that to you before the night is over. There were questions on foreign vacation, state of trade and Minaki Lodge. We will pass right over to the interim summary of visit Ontario program activities. I think Mr. Hall too was asking about the program we have to bring in visiting journalists and I will give you a summary of that.

Between April 1 and October 18, we will have arranged 71 tours for and escorted 192 journalists, radio broadcasters, photographers and film crews from 99 magazines, newspapers, film production companies, radio and TV stations. We have also provided information and assistance to 56 journalists. Seven countries were represented by the VOP journalists—England, Germany, France, Holland, Ireland, Japan and the US, including Florida, California, Washington, Massachusetts, New York, Michigan, Illinois, Minnesota, Maryland and Wisconsin.

The types of tours covered a wide range of tourist attractions, facilities and activities including drama, the arts, film, hunting, fishing, bush flying, railways, resorts, provincial parks, houseboats, canoeing and tennis.

Editorial coverage is difficult to tabulate completely. Tabulation is based on the articles we have received from print VOPs who visited Ontario since April 1. Naturally, not all of the writers have had their articles published to date. However, the total advertising value of the articles we have received is estimated to the cent, at \$196,832.04. The relative public relations value is \$590,000 approximately.

In 1979-80, based upon the articles we have received to date from last year's program, the advertising value was about \$689,000 or \$2 million in public relations value. By the way, the public relations value is calculated on a three-to-one ratio with advertising value. The dollar value of an article

in a newspaper or magazine based on readership interest, impact and recall is three times as great as an advertisement of the same size.

The only other thing I thought I would mention to the committee is this pretty good brochure put out by our friends in Ottawa, published by the Canadian Government Office of Tourism. I want to point it out to the committee because it is a pretty good welcoming package. It gives a lot of information with regard to travelling, the kinds of things you see on a road trip, fuel-saving tips, Canada Customs—I would like to read that myself—and converting to metric. There is a section here called Sales Tax Rebates in which it says: "Go on an Ontario shopping spree. As the centre of Canadian commerce, industry and the arts, Ontario affords some of the best opportunities for shopping anywhere. Not only does your US dollar go further, but you can save the Ontario seven per cent retail sales tax on purchases you take out of the province."

It goes on to tell you how and gives the call collect number to our tourism branch here, 965-4008, even though they initially had the area code at 414, instead of 416, which they crossed out. That is a good example of co-operation with the federal government in giving our line and advertising us.

**Mr. Eakins:** The other half of that then will be to make sure that the merchants and the people they meet are aware of the program and can give them the forms or send it in for them or whatever. I think that is one area that could be improved.

**Hon. Mr. Grossman:** I think we have had pretty good coverage on it. That is the response to a lot of things we discussed the other night. Mr. Eakins, you may want to continue.

**Mr. Eakins:** I appreciate the figures in regard to the cost of the whole package of hotel, meals, et cetera. It would appear that Ontario has a fairly enviable position, which is something that we would want to keep. Would you support the permanent removal of the sales tax on accommodation, as I believe Quebec did a couple of years ago? I wonder if the minister might comment on how he views the removal of the sales tax on accommodation in placing us in this position. Do you feel it has had a very important part in Ontario's over-all position? Are people aware of it? Secondly, would you support the permanent removal?

**Hon. Mr. Grossman:** I would say that the point in time at which it was brought in it

was pretty important, not in the sense that visitors would say, "I think I will go to a jurisdiction that does not have the sales tax on accommodation," but because it simply made us more competitive price-wise. At that time, that was crucial because we were not terribly competitive then. We did not have good figures such as we have now.

One of the things the Treasurer has to take into account is to what extent it destroys our competitive position as opposed to the government's requirement for that extra revenue. At the present time, we are obviously very happy with the situation. I would not be supportive of a removal.

**Mr. Eakins:** Did you say you would be supportive?

**Hon. Mr. Grossman:** I would not be supportive of a change at this time.

**Mr. Eakins:** Did your ministry do any monitoring when the sales tax was removed to see if there was a general increase in the cost of accommodation? Some complaints were received that since the sales tax went off it seemed a lot of the hotels were boosting their room prices.

**Hon. Mr. Grossman:** There were a couple of instances in which that occurred. I would think it would be really quite unfair to say that was a general practice in the industry. The industry responded pretty responsibly and as I would expect a pretty free enterprise industry to respond. They sensed exactly what we had sensed when we removed it; namely, that it was a removal in order to make them more competitive. Therefore, they wanted to take advantage of that competitive position and kept their prices down.

The odd instances we saw where they increased their prices were in instances where there was, say, a Toronto hotel, which was operating at pretty full occupancy at all times. They were adjusting their rates in accordance with what the traffic would bear, as they always do whether the tax is on or off. Those are fairly isolated instances. I would say the industry responded well and responsibly. They did not abuse it. I think they took full advantage of it. Look at the occupancy rates in the last few years. They have been quite good.

**Mr. Eakins:** Has the occupancy rate been general? I know Metro Toronto has been booked very heavily almost all year. How has this been in the areas outside of Metro Toronto?

**Hon. Mr. Grossman:** Metro has been terrific.

**Mr. Eakins:** Their occupancy rate has been very high. How does the occupancy rate in Ontario compare with other Canadian cities?  
8:30 p.m.

**Hon. Mr. Grossman:** It has been quite high. As I am sure has been reported to you, the last two years have been terrific years for all our resorts in Ontario. It is hard to find a room in any resort in the peak months this summer. All of the Niagara Falls area was substantially up this year. The rest of central Ontario was up; northeast was up; northwest was up and southwest was up. In the eastern part of the province, Kingston was up; Ottawa was about the same as last year; and the balance of eastern Ontario was also about the same as the previous year. There were pretty good occupancy rates. It is a little harder to measure, as you know, in those areas.

**Mr. Eakins:** I realize there are varying circumstances in each province depending on their taxation. Do you have some indication of how Ontario stacks up against other provinces as far as the occupancy rate is concerned, considering the variances? I know the taxation varies.

**Hon. Mr. Grossman:** We can report that generally Ontario is ahead of the rest of Canada in terms of this year over last year. In other words, we are getting an increasingly large tourist inflow.

**Mr. Eakins:** This year over last?

**Hon. Mr. Grossman:** Yes.

I should correct that. Mr. Maxwell reminds me that the highest occupancy rate for hotels in Canada is Vancouver, followed by Toronto. Vancouver of course hasn't nearly the hotel accommodation we have. They have some pretty good hotels, but not as many as we have.

**Mr. Eakins:** We have made some reference to the Metro convention centre. The Bassett committee had a deadline of September 19 and that date has been extended. I wonder if the minister could tell us the status of that committee report now. When will it be public? I believe you held up a draft copy of it. Did you have a draft copy the other day?

**Hon. Mr. Grossman:** No, it wasn't a draft copy. It was Mr. Maxwell's comments at that time on where the committee was at. I am almost certain that will be in our hands and ready to go at the outside by the first week of November, and it might be earlier.

**Mr. Eakins:** The committee will be reporting. What is the position of your government?

**Hon. Mr. Grossman:** I want to correct that so you understand completely. The report is either in my office or is expected in. I should have it about now.

**Mr. Eakins:** You will be reviewing it and there will be some announcement as to location, et cetera, and a full report by November 1.

**Hon. Mr. Grossman:** At least.

**Mr. Eakins:** What is the position of your government? Is the \$27 million final?

**Hon. Mr. Grossman:** I will wait and see what the report says. One of the things the committee has been asked to do is to look at the alternatives and see what can be bought for the \$60 million that is currently on the table. If, in the committee's opinion, an adequate facility cannot be built for \$60 million, the committee has been asked to recommend how the shortfall might be made up. The committee may recommend private sector sources or it may recommend public funding.

**Mr. Eakins:** It will depend on whether the offer is accepted, will it not?

**Hon. Mr. Grossman:** That's right. That is why the committee was charged with both site selection and looking at which of the alternatives on each of the sites was acceptable. It is very much a question of how the various sites—I think they are looking at three or four—could be used effectively to accommodate a complete facility. In my view, there is a need to do it right. In this area, if you build a slightly smaller building, then you just might take yourself out of the category of conventions you are going for.

**Mr. Eakins:** Has Metro made a commitment?

**Hon. Mr. Grossman:** Yes.

**Mr. Eakins:** The federal government has now made a commitment of \$19 million. It was \$13 million and \$6 million if the CN site was used and a straight \$19 million and the land to be picked up otherwise. Is that correct?

**Hon. Mr. Grossman:** About a year ago, the then federal government presumed that it would be the CN site and committed the land plus \$6 million, the land being valued at \$13 million. They wanted to contribute 25 per cent and, therefore, were contributing \$19 million calculated on that basis. Mr. Gray announced in Toronto a few months ago that he was honouring that commitment, as I was sure he would. It was altered slightly to clarify that, regardless of site, the offer was 25 per cent up to a maximum of \$19 million in any combination of land and/or cash.



**Mr. Hall:** It was a better commitment.

**Hon. Mr. Grossman:** Yes, it was.

**Mr. Eakins:** I think it is important that this be proceeded with at the earliest possible opportunity. As you know, it takes about five years, so the convention people tell us, to put in place the large international conventions which are not now coming here. At one time, there was a report saying there are about 77 or 80 major international conventions that cannot come to the Toronto area because we just haven't the facilities. I think it is important that a commitment be made and be proceeded with very soon if we are going to take advantage of many of these conventions.

**Hon. Mr. Grossman:** Yes, I agree. Every year that is lost we lose about \$80 million, and that is not money one can make up. There is \$80 million available every year, from the U.S. mainly, and that dents our tourism deficit to the tune of \$80 million. It is that simple. Every year you miss, you lose \$80 million which you cannot get back.

**Mr. Eakins:** Once the facility has been built, who is going to operate it and what about the marketing of it? Has any thought been given or has work been proceeded with as far as the marketing of this convention centre is concerned? That is a big item.

**Hon. Mr. Grossman:** There are several options. One would be some sort of committee or group to manage this facility and market it as well. Another option would be a group to manage it and leave the marketing to the Convention and Tourist Bureau of Metropolitan Toronto, for example, which is quite effective. Another option is not to go the management group route but to have one of the levels of government operate it, either Metro or the province. Those are just three of the options. I hope the Bassett committee will report on some of them as well. We have asked them to.

One of my goals is to ensure that the marketing and design of the centre are done in such a fashion that it becomes a door opener to the rest of the province. Once we get 6,000 doctors or psychiatrists or whatever to a convention in Toronto, we want them to consider, before they come, spending another week in Victoria-Haliburton or somewhere else.

**Mr. Eakins:** So the rest of the province will benefit. That is one of the facilities of a convention centre, as I see it, and it is why I support it. If the marketing is done properly, I feel the rest of the province can benefit rather than just Metro Toronto. It is

a focal point to arrive at, and I see a lot of merit in helping the rest of the province. Is your ministry actively involved at this time in putting together some marketing plans for it as far as the rest of the province is concerned?

**Hon. Mr. Grossman:** We are waiting for the report to come in but I can assure you that from the first day of our entertaining the project one of the ways in which I sold it to my colleagues in the federal government was on the basis of it being a gateway to the rest of the province. That is really the key.

We hope also to have facilities inside the building because we just cannot have them walking around. We have to have something in the building. A travel association will be in the lobby.

8:40 p.m.

**Mr. Eakins:** I think the marketing of it and what happens on the inside after it is built and in operation are important to the rest of the province.

**Hon. Mr. Grossman:** I think I should comment that is one of the reasons we are going to be opening up a tourist information centre in the Eaton Centre. There are an incredible number of tourists in the Eaton Centre.

**Mr. Cooke:** What kind of a spinoff did you get from the Republican convention? I am not asking that to start an argument, but to find out what happens with a convention centre. Did we get any spinoff from the rather huge convention that occurred as close to Ontario as you can get without being in it?

**Hon. Mr. Grossman:** Are you talking about spinoffs to other parts of the province?

**Mr. Cooke:** Yes. I am not talking about the duration of the convention; I am talking about the one-week trips you were talking about.

**Hon. Mr. Grossman:** We have results of the survey. We are pretty confident that will happen because of the number of people that walked through it and saw there was a whole big province out there with a lot of things they never knew about before. That will be measured as time goes on.

**Mr. Makarchuk:** We have to get back to exactly what we were talking about yesterday or the day before, which is there has to be a lot of other facilities, not just in terms of accommodation available in the resort areas of Ontario but other programs going on. After the discussions yesterday, I am not convinced in my mind you are doing very much to create those programs. You mentioned Stratford and you mentioned a few

other places, but people get a little bored with Stratford over and over again.

Hon. Mr. Grossman: Quite seriously, Mr. Makarchuk, I can sit here and use the balance of our estimates time reading to you from our brochure.

Mr. Makarchuk: I can read all sorts of magazines as well, but it does not resolve the problem. The fact is tourists want some quality-type of programs available for them in other than daylight hours, and you have not got them on stream.

Hon. Mr. Grossman: With respect, I think if you—

Mr. Makarchuk: We went through that yesterday, so let us not bore the committee by going over the same thing.

Mr. Cooke: Tell me what we got out of the Republican convention.

Hon. Mr. Grossman: You want to raise it again.

Mr. Cooke: Answer my question first.

Mr. Makarchuk: I am just saying that if you are going to have a viable convention centre and have tourists staying in the province for a period of time after the convention, you have to provide for them some quality entertainment and you have not got it with the exception of two or three centres in Ontario.

Hon. Mr. Grossman: With respect, that is very unfair and condescending of you to say that of the other communities around Ontario.

Mr. Makarchuk: No, that is not unfair. They want quality out there. They do not want sheep shows and farm machinery shows and stuff like that.

Mr. Riddell: There is nothing wrong with farm machinery shows.

Mr. Makarchuk: I did not say there was anything wrong with them. I was just saying what the tourists want to go and see.

Hon. Mr. Grossman: I am just going to let you dig the hole as deep as you want.

Mr. Eakins: Does the minister want to comment further on this?

Hon. Mr. Grossman: No. I want to give him more time to talk, to let him point out more things he thought were not quality.

Mr. Cooke: Do you have the statistics on this? Maybe you can just answer the question.

Hon. Mr. Grossman: There were 70,000 visitors to the facility. Obviously, a great number of them would not have come over to Windsor without that attraction.

Mr. Cooke: Many of them were from Windsor wanting to see how taxpayers' money was being spent.

Hon. Mr. Grossman: I must tell you we did an extensive survey in Windsor.

Mr. Makarchuk: Did Goldfarb do it for you?

Hon. Mr. Grossman: No, he did not. Eighty-five per cent of those people in Windsor who were interviewed in a fairly scientific study viewed it favourably.

Mr. Cooke: That was not the kind of response you got on the hotline when you were on the radio that day.

Hon. Mr. Grossman: Yes, that is true. I got one call.

Mr. Cooke: My office had plenty.

Hon. Mr. Grossman: Your office made the call.

Mr. Cooke: No, it did not. I had put out my open letter that day so I did not need to call.

Hon. Mr. Grossman: I know you had to get the open letter out. Now you want to talk about Windsor.

Mr. Cooke: I want to talk about the Republican convention.

Hon. Mr. Grossman: You want to talk about the Republican convention and you want to talk about the work we did there and the investment we made in your community.

Mr. Cooke: You did not make the most of the investment in my community. Most of that stuff was shipped down from Toronto.

Mr. Makarchuk: The investment was made in your community, not his community.

Mr. W. Newman: You are not against investment, are you?

Mr. Cooke: I am not against investment in Toronto, but that material could very well have been made in Windsor where there is 20 per cent unemployment.

Mr. Eakins: With a spinoff to other communities.

Hon. Mr. Grossman: It is a funny thing but we could not find any Niagara wine in Windsor, so we had to get Niagara wine shipped in.

Interjections.

Hon. Mr. Grossman: If you want to suggest there were things in Windsor which could have been bought in Windsor but

were not, then you are totally and completely, but not for the first time, wrong.

**Mr. Cooke:** That is not what I have been told by local merchants.

**Hon. Mr. Grossman:** Everything that could be sourced in Windsor was sourced in Windsor. Eighty-five per cent of the people surveyed in Windsor thought the exhibit was good and should be done again. They thought it benefited Ontario and their community. I will tell you what the respondents who rated the facility as either excellent or very good thought about it.

**Mr. Cooke:** Then you can answer my original question.

**Hon. Mr. Grossman:** They thought it was a good idea for other people from other nations to see what Ontario has to offer. They thought it was important to help promote our industries and sell Ontario products. They thought it was a good tourist attraction. It was helping the economy.

**Mr. Makarchuk:** Was the survey done by your staff?

**Mr. Cooke:** I can imagine the questions.

**Hon. Mr. Grossman:** They were not led into the answers. If you do not like the response of your own citizens, who do not happen to agree with you on this, then you may feel free to attack those who did the survey.

**Mr. Makarchuk:** How did you word the questions?

**Hon. Mr. Grossman:** I am quite prepared to go to Windsor any time and ask the people of Windsor whether they agree with your view of what we did for Windsor or not.

**Mr. Makarchuk:** Who is going to word the question? He or you.

**Hon. Mr. Grossman:** He never puts questions.

**Mr. Cooke:** You never answer them either.

**Mr. Makarchuk:** You can find a survey that can prove anything if you want it to.

**Hon. Mr. Grossman:** In any case, the spin-off effect of that will be felt, we are confident, in all parts of the province over the next several years.

**Mr. Cooke:** I would like to have you answer the question of how many people actually left the Republican convention or came early and stayed in Ontario for a while. No one ever opposed some kind of a reception by the Ontario government or some kind of a display by the people of Ontario.

**Hon. Mr. Grossman:** You are watering down your position a bit.

**Mr. Cooke:** No. I was very clear in my open letter, if you read it. But I do not think you needed to spend half a million dollars.

**Hon. Mr. Grossman:** You forgot to send it to me. You just gave it to the press.

**Mr. Cooke:** You got a copy of it. It was sent to you.

**Hon. Mr. Grossman:** I got a copy of it. That is right.

**Mr. Cooke:** You got the original copy.

**Hon. Mr. Grossman:** The press got the original. I got the copy.

**Mr. Cooke:** You got the original copy. That is not the point. The point is you did not need to spend a half a million dollars. Maybe you can talk to us about the spinoff and how many people actually did stay in Ontario.

**Hon. Mr. Grossman:** Obviously, when we put that investment in there, we knew the people who were coming to Windsor for the four- or five-day Republican convention were not about to walk through that exhibit and decide to stay in Ontario for another two weeks. Anyone understands when they walk through that it is a large advertising display meant to encourage them to consider Ontario the next time they invest or the next time they take a visit. No one pretended for a moment that was going to get them to stay another two weeks. I know you are intelligent enough to understand that. It is as relevant a question you ask as, "How many tourists did this cause to come to Ontario?" Either you believe that sort of aggressive approach and display will help people come back to this province or you do not.

Finally, I have to say to you that we ended up with three minutes on CBS national news.

**Mr. Makarchuk:** Because the convention was so bloody dull they had to put something else on.

**Hon. Mr. Grossman:** That is terrific. We got three minutes on CBS national news for the city of Windsor specifically and Ontario generally. You could not afford to buy that advertising time with any amount of provincial expenditure. That three minutes on CBS national news at the height of the convention would have justified in itself the amount of money we spent on that exhibit. Windsor has never had publicity like that. Unlike the stuff you peddle out, it was all good publicity for Windsor. I am quite prepared to stand that expenditure against those three minutes on CBS national news.



Mr. Cooke: I think someone on occasion has to bring some reality to the discussion and that is what we attempt to do in the opposition parties.

Hon. Mr. Grossman: We are waiting for it.

8:50 p.m.

Mr. Cooke: You said when the convention centre is established here in Toronto, one of the beneficial effects will be that people can come to Ontario a week early and go to stay at a cottage facility, a hotel or whatever, and have a vacation in Ontario as well. The original question was, was there anything to indicate that happened as a result of the Republican convention?

Hon. Mr. Grossman: If you were paying attention, and forgive me for making that presumption, to the dialogue Mr. Eakins and I had on tourism—and I know your party didn't bother in its opening remarks even to touch on tourism, so I know your interest is not that deep—what we were discussing was the marketing of the centre. We weren't talking about the prospects of getting people here, then suddenly hijacking them and taking them to Barrie. We were pointing out that in marketing the centre and sending out the advance publicity, in sending out the brochures and getting people to come there, we could sell in advance the prospect of spending five days at the convention and then another week or so in other parts of the province.

That is an entirely different proposition from taking a captive audience that came to Detroit, and not to Windsor, getting them into Windsor and walking them through a live exhibit. That is what the conversation was all about.

Mr. Cooke: That was not something that was possible to do with the Republican convention?

Hon. Mr. Grossman: I was afraid you would criticize us for spending too much money.

Mr. Cooke: You should read the open letter once in a while.

Mr. Makarchuk: We don't mind your spending the money as long as you get the results.

Hon. Mr. Grossman: He would have been happier if I had spent the money advertising.

Mr. Makarchuk: The point is that you are not getting the results. Tell us how many people came in.

Hon. Mr. Grossman: Did you find that out when you were in Ohio or Bulgaria?

Mr. Makarchuk: I found it out when I was in Windsor as well.

Hon. Mr. Grossman: Were you at the convention?

Mr. Makarchuk: No. I was at the Democratic convention.

Hon. Mr. Grossman: What did you think of our exhibits?

Interjections.

Mr. W. Newman: Mr. Chairman, I would like to ask the minister a question. In my travels over a number of years as a private citizen, when I go to a country and see an exhibition—

Mr. Makarchuk: A lot of committees have been cut back.

Mr. W. Newman: I don't know who paid for it either. If you want to get into that one, I will.

I gather from your display in Windsor the whole idea was to promote Ontario. When I plan my holidays, unlike the fellows on my right, but really on my true left, I like to know where I am going. I like to see a brochure and realize what I am doing. Was that the whole idea?

Mr. Makarchuk: It is a problem sometimes, isn't it?

Mr. W. Newman: You never know where you have gone and you are going to be out next time, but that is another matter.

Coming back to my question, the whole purpose of a project like that is to encourage people to get to know Ontario and to come over on their next holiday, even though they may stay only a few days. Am I reading it correctly that these people on my right, but on my extreme left really, don't understand that?

Hon. Mr. Grossman: We have said it so many times that I can't believe they can't understand it.

Mr. Cooke: The minister can interpret my comments any way he wants, as he usually does. They are misinterpreted; they are misinformed as usual. It is a bunch of garbage as usual.

Hon. Mr. Grossman: To give some specific information to my friend from Windsor, a total of 166 persons in Windsor and Essex county were given employment by our Ontario government exhibit. That may not be a lot of people to him, but it is a lot to me.

Mr. Cooke: I didn't ask that question.

Hon. Mr. Grossman: I know you didn't ask the question.

Mr. Cooke: You were going to reply in writing on that question.

Hon. Mr. Grossman: Are you not interested? I was going to talk about the attendance.

Mr. Makarchuk: What is the unemployment rate in Windsor these days?

Hon. Mr. Grossman: It is down from what it was. I know you will be sorry to hear that.

Mr. Makarchuk: What is it?

Hon. Mr. Grossman: The unemployment rate in Windsor is 10.4 per cent.

Mr. Cooke: Can you believe that crap?

Hon. Mr. Grossman: It is only from Statistics Canada.

Mr. Cooke: Statistics Canada! Look at the statistics from the manpower centre. Statistics Canada will admit to you the sample is so small and the question is so silly it is totally and completely inaccurate: Take a look at the Canada Manpower statistic where 30,000 people applied for 2,000 jobs at General Motors and 22,000 people are unemployed out of a work force of 124,000. Don't sell some stupid statistics here tonight that you don't even believe.

Hon. Mr. Grossman: With respect—

Mr. Cooke: There is no respect because when you throw statistics—

Mr. Chairman: We are getting away from the subject under discussion.

Mr. Eakins: On a point of order, Mr. Chairman, are we on industry or tourism tonight?

Mr. Chairman: We are supposed to be on tourism.

Mr. Eakins: We were talking about the marketing of the convention centre. One of the things we have to be prepared for in Ontario, and which I think is lacking in many ways, is the upgrading of accommodation. I wonder if the minister or Mr. Maxwell would comment on the success of the tourism re-development incentive program. For instance, does any assistance given under TRIP come under the Ontario Development Corporation and will it appear in the booklets we have here?

Hon. Mr. Grossman: Yes, it will.

Mr. Eakins: When did it start?

Hon. Mr. Grossman: On October 12, 1979.

Mr. Eakins: I wonder if there might be some general comments on the success of the program to date.

Hon. Mr. Grossman: Yes. We are quite pleased with the program. We have had 34 recipients to date.

Mr. Eakins: How many applications would that represent?

Hon. Mr. Grossman: We will see if we can get that information when we get to ODC. That covered 34 approvals covering loan guarantees of \$12,711,000. That will have levered, I suppose, about twice that amount in terms of total investment. We are seeing the kinds of resorts come in that we really hoped would come in. Many of them you will be familiar with: Deerhurst, the Pillar and Post, Fern Resort, Pinestone Inn, Hidden Valley, the Island of Bob-Lo near Windsor, Elora Mill Inn, Sable Beach and Elgin House. In other words, we are getting the resorts in that needed this kind of assistance in order to lever major overhauls to their facilities or add facilities or re-equip dining rooms to take business meetings and business groups. We are really quite pleased so far.

Mr. Eakins: Would the 34 approvals be a general across-the-province representation?

Hon. Mr. Grossman: It is pretty spread out. It covers Niagara-on-the-Lake, Port Stanton, Grassy Narrows, Orillia, Rockton, Morrisburg, Kenora, Grand Bend, Amherstburg, Sioux Lookout, Baysville, Killarney, Kirkland Lake, Pembroke, Port Carling and Sudbury. It is pretty good coverage.

Mr. Eakins: What is the criterion as far as size goes? I hope, at the expense of assisting the larger operations, you are not turning your back on the smaller operations, what sometimes we refer to as Ma and Pa operations. The family operation is very important and should be encouraged and supported. I am just wondering how much support is being given to the smaller operation which plays a very important part.

Hon. Mr. Grossman: Mr. Tully informs me that under our regular and still quite successful ODC tourism loan program, in addition to the 34 TRIP loans we have had, 56 loans have been made through tourism term loans made through ODC. That would bring us to 90.

Mr. Eakins: That is 56 outside of the TRIP loans?

Hon. Mr. Grossman: That is correct, and that is for a total under that program of about \$5 million.

**Mr. Eakins:** Do you have any minimum you would consider under TRIP?

**Hon. Mr. Grossman:** There is no minimum. The maximum is \$500,000.

**Mr. Eakins:** Right, but no minimum. A small operator can become involved the same as the large operation?

9 p.m.

**Hon. Mr. Grossman:** Yes. The smallest amount we have given, which doesn't mean it is the smallest operation, is \$75,000. When we consider the kinds of expansions we are talking about, half a million dollars is not an amount geared towards world class resorts where one is talking about \$12 million or \$15 million. This is a program geared to about the level of our traditional operations. As well, the Ontario Development Corporation loans, as I say, dealt with 56 smaller operations.

In answer to your earlier questions, about 75 per cent of TRIP applications have been approved; the investment to date is \$26 million, levered by the \$12.7 million, and we currently have 10 applications in process.

**Mr. Eakins:** Will you be having some liaison, with the approval of TRIP, taking into consideration the new grading program?

**Hon. Mr. Grossman:** Yes. There will likely be a restructuring of the two programs to make sure there is a specific program for upgrading.

**Mr. Eakins:** I hope any assistance in that way through TRIP would be to upgrade so that they could compete as far as the grading goes.

**Hon. Mr. Grossman:** That is very important. You can't do grading without it.

**Mr. Eakins:** How much money did you make available originally in TRIP?

**Hon. Mr. Grossman:** TRIP was intended to be \$15 million in guarantees and that looks to be about the target.

**Mr. Eakins:** Where does it stand at present? Is the fund dry or is there still funding there?

**Hon. Mr. Grossman:** We have guaranteed \$12.7 million and there are 10 applications in the mill.

**Mr. Eakins:** That is pretty well up to date then? How long does that run? Next March?

**Hon. Mr. Grossman:** Yes. I don't expect we will have a financial problem there.

**Mr. Eakins:** Will this type of program be continued next year or do you see a different program?

**Hon. Mr. Grossman:** We will be looking at that at the end of this calendar year.

**Mr. Eakins:** I hope it would be continued.

**Hon. Mr. Grossman:** We may change the limits and some of the criteria.

**Mr. Eakins:** People are looking for more sophistication in some of their accommodation and I think it is a good way of helping them out.

**Hon. Mr. Grossman:** What we mainly want to accomplish is an expansion of the season, as you know, on to the shoulder season and we will go to great lengths to encourage that sort of thing.

**Mr. Eakins:** You mentioned the last day we met some programs you are taking a look at. Did you mention there was a possibility of taking some Cultural programs outside of the city, similar to the Ontario Place programs?

**Hon. Mr. Grossman:** You may be referring to our intention to continue to look at proposals such as the Muskoka theatre. We are also looking at a couple of alternatives for outdoor music parks, such as Tanglewood in New York State.

**Mr. Eakins:** Would your ministry then consider assisting or giving the same opportunities to some of the smaller communities where we have established theatres, to see the groups you bring into Ontario Place? I am thinking of the Academy Theatre in Lindsay, which I think is one of the best theatres in Ontario, really. I am just wondering about the possibilities through your ministry of bringing such cultural groups there.

**Hon. Mr. Grossman:** We have to be a little careful about taking a specific cultural attraction anywhere.

**Mr. Eakins:** Then again you come to the question of whether it should be Industry and Tourism or Culture and Recreation.

**Hon. Mr. Grossman:** We should not be in the business of subsidizing a cultural or entertainment program in Peterborough and shifting it over to Orillia next week. That just becomes a program to entertain the local people. We will entertain any sort of application that will affect tourism directly and increase the amount of tourism.

**Mr. Eakins:** Are you saying then that most of the groups that appear at Ontario Place are subsidized?

**Hon. Mr. Grossman:** No.

**Mr. Eakins:** It is not necessary that they would have to be subsidized in other communities.



**Hon. Mr. Grossman:** I think not. For example, a number of acts in Ontario Place would certainly pay their way in other communities.

**Mr. Eakins:** I have a couple of questions I want to ask. I noticed in the Ontario Chamber of Commerce book three references to industry and tourism. I just want to refer to one, which is the licensing of trailer parks and campgrounds. They are recommending that the Ministry of Industry and Tourism resume responsibility for the licensing of campgrounds and trailer parks since many municipalities have no bylaws to cover these parks; no orderly set of rules is being followed in general; the resulting confusion is having a negative impact on the industry and the ministry employees are now having difficulty keeping up-to-date campground directories without a list of licensees to work from.

Would you comment on how that has been working out since in southern Ontario, I believe, you dropped your involvement with the campgrounds? I am rather interested because the Ontario Chamber of Commerce has made this recommendation.

**Hon. Mr. Grossman:** In this case, I disagree with their submissions. It seems to be going fairly well. We have one bit of a controversy of which you are probably aware in southern Ontario, but essentially there haven't been many complaints. It wasn't the level of complaint I feared, frankly, when we did it.

There is continual confusion. What we did was try to deregulate and reduce the number of forms that someone going into the tourist industry had to fill out, in this case, campgrounds. What we were doing was dual licensing. We were just adding another licence which they had to get anyway, mostly from municipalities.

**Mr. Eakins:** There has been a problem with the municipalities in drawing up their own bylaws. Have you had many problems with them or have your people been working with the municipalities?

**Hon. Mr. Grossman:** There have been some problems. Mr. Maxwell might speak to that.

**Mr. Maxwell:** There have been some problems with municipalities and we have been talking to the campground people about these. The easy solution is not going back into regulating and licensing; there are other alternatives which we are trying to explore. The most important of them is a study being conducted now on the economic impact

of campgrounds on communities of varying sizes. The results should be available shortly. Only with this kind of information can the campground people make a dent with the municipalities.

**Mr. Eakins:** That is right, I agree with that. Is this being sponsored through your ministry?

**Mr. Maxwell:** Yes, it is.

**Mr. Eakins:** Many municipalities, I must say, really don't appreciate what the campgrounds mean to the municipalities.

**Mr. Wildman:** Can the minister indicate whether or not the ministry is continuing to license campgrounds in unorganized areas of northern Ontario where there aren't municipalities that have bylaws?

**Mr. Maxwell:** Yes.

**Hon. Mr. Grossman:** As far as I can see.

**Mr. Eakins:** Has the framework for opportunity study that has been completed shown a great deal of opportunity in many areas? Have you a general report on the impact the study has made? I know one is just going to get under way very shortly in the areas I represent, in the Victoria area, and it is going to be an excellent opportunity, I think. I wonder if you could comment generally on what the effect has been so far on the studies you have had.

**Hon. Mr. Grossman:** We are pleased with them. Mr. Maxwell can update them for you.

9:10 p.m.

**Mr. Eakins:** How many have been held to date?

**Mr. Maxwell:** I think it is six. The action taken so far has been to generate private sector interest in resort development in a number of the areas and also in attractions.

Possibly as the tourism business becomes larger and as knowledge of that becomes more evident to the financial community, I think the value of the zone studies that have been completed so far will be seen. Some in the private sector have had difficulty in generating interest from the banks and the loaning community, but we are quite pleased with the results to date.

**Mr. Eakins:** I notice in your estimates the grant to Tourism Ontario has been raised from \$28,000 to \$60,000 and that the grading system allowance is \$315,000. Is this similar? I think it was mentioned in the estimates that the increase from \$28,000 to \$60,000 was to reflect the extra work that was going to have to be done in regard to the grading and that you have made \$315,000 available.

Mr. Maxwell: That covered the hiring of a man, a director of grading. A man by the name of Mr. Red MacLatchy has been hired. He came from the Canadian Automobile Association. The other funds were for the actual implementation of grading, including the communications program to the trade which has already begun. The first information was sent out about two or three weeks ago and said you can be part of number one. Mr. Arthur Ward is president of Tourism Ontario and they are selling the program. The second one had the support of John Powell who chaired the Powell commission. The results have been very gratifying. I think 165 have been signed up so far and 45 committed. That is just after two weeks of response, so it is looking very good.

Mr. Eakins: Do you see Mr. Ward paying the price for squeezing the minister off the front page on that issue?

Interjections.

Mr. Eakins: Just one final question: When are you going to bring the sales tax on meals into line either by bringing it down to seven per cent as everything else is or increasing the allowance from \$6 to \$7 or \$8? You have said it is sort of nickeling and diming. I think you mentioned that last year. If it is that simple, then perhaps we should have some action on it. We refer to them as luxury meals, but I don't think that tax should be higher than anything else. Have you any plans to bring that into line?

Hon. Mr. Grossman: As we discussed earlier, a reduction from 10 per cent to seven per cent on a \$10 meal is 30 cents. Am I right? Help me.

Mr. Eakins: That should be very simple to do then.

Hon. Mr. Grossman: Yes.

Mr. Eakins: We test the importance of tourism in this particular field.

Hon. Mr. Grossman: On the other hand, the figures we went through earlier indicate it does not seem to be a key factor because we are quite competitive. We are fifty-first—you weren't here earlier.

Mr. Eakins: I saw the two. You are not going to be making any changes?

Hon. Mr. Grossman: It is not up to me. It is up to the Treasurer.

Mr. Eakins: You can take it up with the Treasurer. You tell him what to do, don't you?

Hon. Mr. Grossman: In making his decision, obviously, he has to weigh the net

benefits of saving 30 cents on a \$10 meal against the revenue he raises from doing that. He takes into account, being into the tourist industry himself of course, our competitive position comparing the cost of a meal in Canada as opposed to the cost of a meal south of the border. That is something, as I am sure Mr. Ward has told you and the chamber has told you, which is always discussed in pre-budget meetings and it is something that is reviewed very conscientiously every year at budget time.

Mr. Eakins: I don't have any further questions. I could go into many other areas but, unfortunately with estimates, when the time is cut down from 20 hours to 13, it doesn't leave very much time. I hope they will be restored to the original hours so that we can have more time.

Mr. Hall: I have just a brief supplementary in connection with the fact that we are fifty-first around the world in the price of meals. That was not the point I was trying to make. I suspect they are staying away from 50 other centres because the meals are high too.

A comparison should be the tourism market in the United States areas and how the average person on a holiday might be attracted up here. While I know Mr. Wilson says you can't compare resort area meals with Toronto meals, I just feel in that context meals in Toronto are high. Whether we are fifty-first around the world is immaterial to the discussion, it seems to me.

Hon. Mr. Grossman: We will go over some of the figures. Dinner out in Toronto is estimated at \$16.79.

Mr. Hall: When were those figures compiled by the way?

Hon. Mr. Grossman: April 7, 1980. The figure in Chicago is \$20 and in Houston \$22.

Mr. Hall: It cost me \$18 at the Keg and the Cleaver tonight and that is really not any big deal.

Hon. Mr. Grossman: This is the meal. I didn't include refreshments.

Mr. Hall: I am still standing.

Hon. Mr. Grossman: We will let you know later. Montreal is \$23.10.

Mr. Wildman: Is that with or without wine?

Hon. Mr. Grossman: That's without wine. I have the wine figures here.

Mr. Wildman: No need. We will ask Mr. Germa.

**Mr. Hall:** It would appear my point is lost on you but there are a lot of very ordinary people who find the meals pretty bloody expensive here in Toronto. I think that is hurting your tourist industry. It's as simple as that.

**Hon. Mr. Grossman:** I don't want to pretend to you that all of the problems are solved in that regard. We clearly hear some complaints about the cost, particularly of some imported wines in some of the restaurants. That, to me, would be the complaint we hear about most. They should be drinking Niagara wine anyway, in which case there is no problem. Mr. Isaacs will agree with that. If they drink Niagara wine, we are very competitive.

**Mr. Chairman:** Mr. Gregory, I cut you off earlier. Now that we are back on the rails, you asked a question.

**Hon. Mr. Gregory:** That is quite all right, Mr. Chairman. I merely wanted to make some comments which are somewhat academic at this point because we have got off this subject.

I was going to comment on the experiment in Windsor, if experiment it could be called. I took the trouble to be at the display—at my own expense, I might add, before you get on to that one.

Interjections.

**Hon. Mr. Gregory:** I was there to attend the Republican convention.

**Mr. Cooke:** That wasn't trouble. That was very masochistic.

**Hon. Mr. Gregory:** It was very enjoyable. It certainly reaffirmed my opinion that free enterprise is the only way. While there, I made frequent visits to the exhibit in Windsor, during which time I had the pleasure of meeting Mr. B. Newman. Having been there every day, I never met Mr. Cooke once. I can only assume from that he had no interest at all in development or industry or anything else coming into Windsor.

**Mr. Wildman:** He just doesn't support the Republicans. That's all.

**Hon. Mr. Gregory:** He prefers to talk but there is no action taken.

**Mr. Cooke:** You don't know what the hell you are talking about, which is very typical.

**Hon. Mr. Gregory:** I assume he is very little representative of Windsor.

**Mr. Cooke:** I was down at the exhibit.

**Hon. Mr. Gregory:** This is the trouble talking to New Democrats. They never shut up long enough to listen.

**Mr. Cooke:** You obviously don't want the facts. The fact is I was there. You indicated a falsehood. You indicated something that was inaccurate and I am trying to give you the facts. I went to the display.

**Hon. Mr. Gregory:** I have heard you talk for many hours at a time and I have never heard you say the facts yet and I don't think it is going to change. The point I am making is that I saw the display.

**Mr. Cooke:** What is your point?

**Hon. Mr. Gregory:** I was given to understand that we ran the boat that brought the people over.

**Mr. Cooke:** I was on that boat.

**Hon. Mr. Gregory:** There were some 10,000 people at that display from Detroit. They were probably conventioners. I understand there were some 15,000 of them, so we can only assume that two thirds visited that very impressive display. I was quite impressed and I should congratulate the Ministry of Industry and Tourism and the Ministry of Agriculture and Food on a very impressive display. How can you people expect they are going to have results from this at this time? Did you take the trouble to see it?

9:10 p.m.

**Mr. Cooke:** You don't know what you are talking about. I visited the display and I went through the display.

**Hon. Mr. Gregory:** Were you really there?

**Mr. Cooke:** Yes, I was.

**Hon. Mr. Gregory:** It was the best kept secret in town. Mr. B. Newman took the trouble of coming to the opening, but not you. As far as I am concerned, you are all wind and nothing else.

**Mr. Cooke:** Like what?

**Hon. Mr. Gregory:** Like wind. Do you know what wind is? That is what you people are really fond of shooting.

The point I am making, is that you are to be congratulated as is the Minister of Agriculture and Food for trying to do something for these people from the Windsor area when they are not ready to do anything for themselves. Perhaps you should start thinking of your people instead of coming in here and shooting off your mouth.

**Mr. Cooke:** Maybe you should get the facts straight before you shoot off your mouth.

**Hon. Mr. Gregory:** I have my facts, my friend.

**Mr. Cooke:** It did not sound like it but that is not unusual.



**Mr. Isaacs:** Mr. Chairman, right along the line of the last comment, the mayor of Hamilton has been visiting this building and the building in Ottawa, seeking funds for a trade centre. I don't know if he has met with the minister personally, but I know he has been in touch with a number of people. I wonder whether the minister can tell us tonight that he is going to provide good news to the city of Hamilton; that he is prepared to provide some funds for that trade centre, arena and other facilities that go along with it.

**Hon. Mr. Grossman:** The mayor of Hamilton was in to see the Premier today on a variety of matters; that was one of them. Obviously, I cannot give you any indication just now as to what the final outcome of those discussions will be, but it is certainly one of those things we are looking at very seriously.

Those who followed our discussions on tourism last year will know we have put a very high priority on business meetings, trade facilities and convention centres. If the numbers work, the economics makes sense and the resources are available, we will be moving in Hamilton and other areas. We are looking at that very carefully.

**Mr. Isaacs:** That is certainly encouraging news and, given that, it seems likely the federal government will say they will participate if the province participates. I hope you will say that you will participate if the federal government participates so that everybody is on board.

**Hon. Mr. Grossman:** I never quite commit myself in that way. I always reserve the right to make my own judgement and not quite to trust the folks up in Ottawa all the time.

**Mr. Isaacs:** I want you to know that my colleagues and I in Hamilton are generally in support of that. There are some minor difficulties that can be worked out at the local level, but we urge you to provide the funds to that facility so that it can get the go-ahead and get on the rails.

**Hon. Mr. Grossman:** I do think it is important that wherever we can we provide funds to build trade centres so that big businesses and corporations can display their wares and do business in various communities.

**Mr. Isaacs:** I know we are very short on time on this vote and I want to touch on one other matter very briefly. I would ask whether your ministry has been doing studies of the impact of acid rain on tourism. I hope you are aware of studies done by your colleagues in the Ministry of the Environment that esti-

mate 600 tourist lodges may be seriously affected by acid rain within the next 20 years; that almost one third of the 20,000 jobs in tourism are in danger; and that \$28 million in annual tourist revenue could be lost. There is a great deal more in the way of statistics that say there is a very serious problem.

I wonder if you have been looking at it and whether you have urged your colleagues in the other ministries to join in a battle to fight this very real menace that not only tourism but the whole of our province is facing.

**Hon. Mr. Grossman:** Of course, it is not my line of responsibility to solve the problem, but to bring the degree of the problem and concern to the attention of my colleagues. I really have to be very careful in this. We do want to say we are aware of the potential implications, the threat to tourism. We have brought that point forward very forcefully. My colleague from Victoria-Haliburton has made this point last year and earlier this year. I am in constant discussion with my colleagues on the matter. We are taking it very seriously. The problem is not easy to solve.

I hesitate to do this because I will be accused of understating the problem, but I simply want to remind members that at present any perception in Ontario or in the United States that Canadian lakes or Ontario lakes are full of acid rain and have been destroyed would be unfair. I know you are not saying anything to the contrary. You are quite properly saying it is a concern; we have to stop it now before it is too late to cover it.

We are dealing with the problem specifically because if the discussion and dialogue go on for several years as we all handwring over the problem—and we are doing more than handwringing—then perceptions get out there and it takes years to convince the public, as was the case with mercury pollution, that it isn't as serious as one would believe. That is not to say, by the way, the mercury situation is gone; it has not. But as you know in the northwest part of the province, there was a perception that it was a lot more pervasive and a lot more serious than it was until the facts were clarified and some common sense and some solutions brought to bear.

I want to assure the committee we are monitoring it and working closely with our sister ministry. We have brought the facts to bear and are trying at the same time to

keep some public awareness of the problem and the degree to which it has not overtaken us yet.

**Mr. Isaacs:** That is correct. You are certainly right in that it hasn't overtaken us yet, but the studies, particularly in the last 12 months, suggest it is gathering steam. May I suggest to you in a constructive way that perhaps an interministerial task force of your own ministry, Natural Resources and Environment might be a very good way to try to come to grips with this issue and with its potential impact for the future on the tourism area as well as on a lot of other areas so that plans can be worked out on how Ontario can do its share in battling the problem?

For example, the members of the federal task force on acid rain a couple of weeks ago were suggesting, not saying directly, that their work and the federal government's work in getting the US to cut back would be made much easier if Ontario were seen to have a higher profile in taking steps right here in the province. I suggest to you that is something your ministry can be involved in as well.

**Hon. Mr. Grossman:** I think you have seen some of the visible results of that. I know some people don't believe it has gone far enough, but that message is not lost about the degree to which Ontario not only must be seen to be on side but to be doing its share. I think you will agree with me too that the United States is not on side and is not doing its share. Anything we can do, be it interministerial or intergovernmental to make it happen, will help.

**Mr. Makarchuk:** Do you think we could send Mr. Gregory down there to speak to the management?

**Hon. Mr. Grossman:** No. We will just send Mr. Cooke down there to rewrite the figures.

**Mr. Makarchuk:** Mr. Gregory seems to have an in.

**Mr. Wildman:** Mr. Chairman, following up on that as a member from the area that is most threatened by this problem, I would like to ask a couple of specific questions.

First, can the minister indicate what contribution his ministry made to the study that was done for the Northern Ontario Tourist Outfitters by my friend and Ross Hall's nephew, Gerry Liddle, on the effects on tourism of the acid rain problem? I believe the study found there was a potential loss of 6,000 jobs in northern Ontario in

the tourist industry as a result of the acid rain problem. Can you indicate what contribution your ministry made to the funding of that study and, subsequent to that, what action you have taken as a result of the findings of that study?

9:30 p.m.

**Hon. Mr. Grossman:** The Ministry of the Environment is funding all the studies together with the Ministry of Northern Affairs. The research projects have been going on for some time. They are the ones who financed the economic impact study for NOTO to which you are referring.

**Mr. Wildman:** Isn't it a fact that he could not get any funding from your ministry and that is why he went to the Ministry of the Environment?

**Hon. Mr. Grossman:** No. It was Environment and Northern Affairs. It is not a question of not being able to get funds. The fact is that funds were available in the other ministries whose main responsibility it is to look after the acid rain situation. I am not sure what point you are making or if you would feel better if some funds came from our ministry, but the fact is the government found funds.

**Mr. Hall:** Have you got the results of the studies as they affect tourism? This was the major concern because that is the major industry up there. Regardless of who paid for it, it seems to me you sure as hell should be concerned about it.

**Hon. Mr. Grossman:** I hope I have conveyed to the committee our concern about it. Some of that has been evident, I would think, in the governmental response to the Ministry of the Environment on that problem.

**Mr. Hall:** I am afraid you did not convey much concern to me in your role as the minister responsible for tourism. To me you have conveyed the impression that you were counting on them to take care of it, that they are a good sister ministry and all things would end up being okay. The tourist industry in the north is very concerned about it. I would be surprised if they would merely accept the bland statement, "Don't worry, fellows. The Ministry of the Environment is taking care of it."

**Mr. Wildman:** I am also concerned about the comments made by the minister—and I understand the reason behind them—in relation to his comparing this problem with the mercury problem in the northwest. To an extent, it sounded to me that as long as we

all talked nicely about it and said it is not as serious a problem as some people think, it will go away when, in fact, the tourist industry in northern Ontario understands that we only have about 10 years and unless something is done very swiftly, a major part of the tourist industry is going to be in trouble.

Right now it takes many more hours to catch a fish than it used to. Unless there is a significant move on the part of this ministry away from fish and wildlife as the main tourist attraction in northern Ontario, we are going to be in trouble in the next few years. Unless there is an attempt to move towards other types of attractions, we are going to be in serious trouble.

I do not want to prolong this because I know there are serious problems in terms of the manufacturing industry and the layoffs in southern Ontario, Massey in particular, that other colleagues on the committee wish to raise. I just want to point out once more that as long as we remain a fish and wildlife concentrated tourist industry in northern Ontario, we are going to be in major trouble unless we can shift the emphasis to some other area. The study done by Gerry Liddle is an indication of the serious problems we are going to face in the next 10 years unless something is done quickly.

The agreements on the international level which indicate we might get to negotiating within the next year are not too encouraging.

**Hon. Mr. Grossman:** To clarify the record, I would hope that some members of the committee in any case would accept the comments I made with some good faith. When I said them, I knew I was risking some people suggesting that I was understating the problem and ignoring it. With respect, Mr. Wildman, that really wouldn't be accurate.

I think it is incumbent upon me as Minister of Industry and Tourism to make sure that there is a good, fair and accurate perception of the current problem or else it will affect tourism, not 10 years from today but next year in your part of the province.

None the less, that is not to understate the degree of interest and concern we have in solving the problem. Our ministry participated in the steering committee that was referred to. Mr. Hall says we should not rely upon the presumption that our sister ministry, the Ministry of the Environment, will solve the problem and all will be okay. I have to say that unlike many members of this committee. I do have a lot of faith in our sister ministry, the Ministry of the Environment. It is their responsibility. I think they are mov-

ing aggressively far better and far more effectively than their sister jurisdictions to the south.

May I also say with regard to Mr. Wildman's remarks that I do not think it is a wise policy for us to move away substantially from fish and wildlife in his great part of the province. It is not going to disappear, and the Ministry of the Environment's efforts are pointed towards ensuring that the fish and wildlife attractions of his part of the province stay there and are mainstays of the tourism industry in that part of the province.

In addition, you are quite right in saying that any economic situation which relies on one industry is vulnerable. Within the tourism industry in your part of the province, we are working very actively on diversifying the tourism attractions. Hence, we have a couple of studies in the Sault Ste. Marie area, as you know. We would hope that if the DREE agreement we are having discussions about comes through, we will be able to move with a very major project there.

I will not be courageous enough to embark on a long discussion about the potential value of Minaki Lodge in the northwest part of the province.

**Mr. Wildman:** That would be foolhardy, not courageous.

**Hon. Mr. Grossman:** I do have to say that is an indication, in your opinion, about foolhardiness. In any case, it is an indication of my willingness to spend dollars on your part of the province.

**Mr. Wildman:** There is no question about that.

**Hon. Mr. Grossman:** In any case, thank you for the comments from both parties on the acid rain situation. I assure you we are following that situation as actively as is needed.

**Mr. Hall:** I just wanted to add an exclamation point to Hansard on this subject. I restate the concern because I know it is real.

Before we move away from tourism, there is one other brief thing. I believe you indicated to me you would give me a better idea of gasoline consumption by people who are hopping over the border and the total dollar effect of it. Did you not say you would do that?

**Hon. Mr. Grossman:** I think I did.

**Mr. Hall:** May I assume you will then?

**Hon. Mr. Grossman:** Yes.

**Mr. Chairman:** Are you prepared to pass this vote on tourism?

Items 1 to 5, inclusive, agreed to.

Vote 2304 agreed to.



**Mr. Chairman:** I think we agreed that we would go into the discussion of Massey-Ferguson first. Mr. Makarchuk, since this is in your area we will allow you to speak.

**Mr. Makarchuk:** Thank you very much, Mr. Chairman, and congratulations on your fiftieth wedding anniversary.

**Mr. Chairman:** Thank you.

**Mr. Makarchuk:** Any man who has survived 50 years deserves a kind word, despite animosities that are mostly political and not personal.

In view of the fact, as we understand it, that the federal cabinet was considering the matter of Massey-Ferguson today, does the minister at this time have any information to indicate what direction or what decision has been made in Ottawa on the subject?

**Hon. Mr. Grossman:** No decision has been made yet to date.

**Mr. Makarchuk:** When questioned earlier in the House, you said you are in close contact and you are getting all the information that is being fed to you. You know what is going on or your ministry should know what is going on. Are you saying that no decision has been made by the government at this time either to accept or reject the various proposals, particularly the proposal of \$200 million in financing from the federal government or that you do not know what went on?

**Hon. Mr. Grossman:** The last conversation with Ottawa took place at seven o'clock this evening. At that time no final decision had been made by the federal government. The conversation was between my deputy and the assistant deputy in Ottawa.

**Mr. Makarchuk:** In Herb Gray's department. Can you give us the reason why no decision has been arrived at?

**Hon. Mr. Grossman:** No.

**Mr. Makarchuk:** You cannot give a reason why no decision has been arrived at. Is there any indication of the way future decisions will flow? Will it be total rejection or is there the possibility there will be more discussions, that more information will be required, more options examined, perhaps more consultations with the Canadian Imperial Bank of Commerce?

9:40 p.m.

**Hon. Mr. Grossman:** At the present time I would expect more conversations. I couldn't tell you how long that will continue.

**Mr. Makarchuk:** You are of course aware that there are some fairly rigid financial deadlines that the company has to meet—\$10

million by Tuesday, as I understand it, and then there is a lot more coming up. I presume you are aware of this situation.

**Hon. Mr. Grossman:** Yes, we are.

**Mr. Makarchuk:** Can you specifically say what are the possibilities at this time? Are we having this discussion on the basis that perhaps there is information you feel should not be made public? I can understand that situation, if that is the case.

**Hon. Mr. Grossman:** Yes, in part.

**Mr. Makarchuk:** Can you give us the assurance then that the provincial government is prepared to make the kind of commitment—perhaps financial and perhaps to the tune of \$50 million if necessary—that would ensure that this operation continues to exist?

**Hon. Mr. Grossman:** I want to choose my words very carefully so there is no misunderstanding. If there is a viable proposition put on the table that we believe is a good business proposition that will work in the longer term and will save jobs, rather than save creditors, then the province will be willing to participate.

**Mr. Makarchuk:** On that same point, do you have doubts about what Massey has explained to us and I am sure to you as well? I'm referring to their statement about their performance over the last couple of years, that they have managed to go from a loss in 1978 to a profit position in 1979. Because of various circumstances in 1980, they have suffered a loss, but so has everybody else in the agricultural implement industry. They are quite optimistic that by 1981-82 they would be in a profit position of \$220 million to \$280 million or whatever it is. Are you prepared to accept their analysis of that situation or are you not?

**Hon. Mr. Grossman:** I can only put it this way: several expert analyses, including theirs, the bank's, those of members of the private sector and governments—all of those analyses—taken together with projections for the future and the current financial position and options for financing the current problem, have not produced at the present time, as of 9:44 p.m. tonight, a long-term viable business plan. That is not to say there won't be one by midnight tonight or noon tomorrow.

**Mr. Makarchuk:** When you say a long-term viable business proposition, are you referring to the future prospects for Massey, assuming they can get the \$600 million or \$700 million financing arranged in the various packages? It is not a matter of Massey, if it had the

financing, becoming viable. Is there any argument on that point?

**Hon. Mr. Grossman:** It is—and you will forgive me for choosing these words carefully.

**Mr. Makarchuk:** I am not sure whether to call it careful or devious.

**Hon. Mr. Grossman:** With respect, we really have to handle it carefully, if for no other reason than that words can be misinterpreted out in the private sector and can cause the stock to move unusually. This could cause creditors to get nervous or over-optimistic. In my view a total separation of the refinancing from the entire business operation and operating plant is not feasible. It is not practical.

**Mr. Makarchuk:** That is exactly the point. If the company is viable in its operation, if it can turn the corner and make a profit, which the company predicts it can, then that is not a matter of concern. Your concern now, I assume, is to obtain the funds from the various sources to ensure that the company would have that \$600 or \$700 million in financing. Is that the only concern you have? Or do you have concern about the company's ability to sustain itself as a manufacturing firm, competitive and profitable, in the world market?

**Hon. Mr. Grossman:** The amount of money required is very much a function of its market share at the present time, the estimates as to future market share and future market strength and the strength of the total market. So, obviously, the decision is more than just what does it take to have the creditors be quiet for six or eight months. It is very much a matter of how much working capital they need to get through another difficult period of time to ensure they are in a good position when the recovery comes.

**Mr. Makarchuk:** Surely it is not just a matter of what you said—working capital, et cetera. Those are the kinds of things the company will allocate itself. The first problem is the matter of jobs—right now 6,000—potential future jobs from 12,000 to 20,000, the possibility of establishing a diesel plant, new research and development facilities, perhaps salvaging what is happening at White Motor Corporation, and also the matter of exports and the spinoff. There are all these kinds of things, plus the effect on the farm community.

In other words, the economic costs are not just the working capital of \$600,000. The immediate figures we see here, the economic

costs spread out all over the place, are very large, and I presume you have looked at those things. Despite all the ramifications in the economic sense, in jobs and the social consequences and everything else, are you going to sit here and say you are worried about whether or not they are going to have enough working capital? Are you worried whether they are going to have enough money for this and that, when they say themselves that if they can arrange this package they can provide the successful operation of the company?

**Hon. Mr. Grossman:** Obviously, we have done a complete analysis on the impact—

**Mr. Makarchuk:** You have, that's right, and a few other people have done so also.

**Mr. Cooke:** Have you done a study similar to the one you referred to when we were talking about Chrysler and the impact of that company going under in Windsor? Have you done a similar study as to what would happen to Brantford?

**Hon. Mr. Grossman:** Yes.

**Mr. Cooke:** What are the social impacts in the spinoff effect, in terms of unemployment in Brantford, if that plant went under?

**Hon. Mr. Grossman:** That is a little better, I would say. Our guess is it is a little more optimistic than the situation would have been in Chrysler because that is an industry which is in a difficult cyclical downturn. Both White and Massey-Ferguson have rather good plant facilities out there and a good work force and niches in the market place.

**Mr. Makarchuk:** That's right—damned good market penetration. Massey probably has one of the better market penetrations in agricultural implements in North America or in the world—

**Hon. Mr. Grossman:** Not in North America, but in the world.

**Mr. Makarchuk:** All right, but it has a healthy penetration in North America as well.

**Hon. Mr. Grossman:** Yes. The point I was making is that because it begins with the best and most up-to-date equipment—not in all cases—with good market share, good products, with still a good name, and a good work force, I would be fairly optimistic that if the current proposals do not pan out in a financing package that works, even taking the worst position of receivership or bankruptcy there would be a restructuring involving either White and/or Massey. I am hopeful there would be under some ownership most of those workers, or a good number of them, back at work in those plants.

9:50 p.m.

**Mr. Makarchuk:** Mr. Chairman, I am not exactly that optimistic that in the event of a bankruptcy everything will eventually work out. There is no question that somebody will pick up the pieces, but there is no indication whatsoever that the pieces will be picked up by Canadian corporations employing Canadian workers, and that is your responsibility as Minister of Industry and Tourism, with particular emphasis on industry. These are manufacturing jobs. They are well-paid jobs. They are the kind of jobs we need and should expand in Canada, and there is an excellent potential for increasing the whole industry.

I guess there is some understanding that certain things will be confidential and certain things we have to discuss. Unfortunately, we probably cannot go into details. What I want to state very strongly here is that you are in the position, and you should bloody well be moving heaven and earth and everything else, to ensure that the facility remains open, to ensure that it expands and to ensure we have those manufacturing jobs in Canada. You are in the position to do that.

You can spend \$30 million or more on Minaki to ensure probably 100 permanent jobs. This may cost you \$50 million for at least 6,000 permanent jobs. There is a great potential, with great benefits in terms of exports and everything else. But you are rather reluctant to move. You are even reluctant to talk to the people. That raises some rather serious doubts in my mind, and I am sure in the minds of a lot of other people, including some of the officials at Massey-Ferguson, as to how seriously you take your bloody responsibility in your portfolio. I suggest you pull up your socks and get down there and see what you can do in the next few days. Let's put some pressure on the federal people to start coming up with some solutions. You have a certain political clout; you might as well use it.

**Hon. Mr. Grossman:** Mr. Makarchuk, may I say the entire issue at question is contained in one sentence you said, that is, if it will ensure the jobs in Brantford. That is the object of the exercise.

**Mr. Makarchuk:** There is nothing now—

**Hon. Mr. Grossman:** Nothing is 100 per cent. You are quite right.

**Mr. Makarchuk:** That's right.

**Hon. Mr. Grossman:** What we are looking for is a situation in which we will make an investment if it will, as far as possible, en-

sure the jobs are going to stay there. We do not want to get our citizens—

**Mr. Makarchuk:** Once again on that matter, there is no question of the jobs moving out of Brantford. There is a question of rights. There is a very serious question, and when we have a government of another province very seriously involved at this time in picking up the pieces and hauling away some industry from Ontario, I think you should be concerned about that. But we will stay away from that for the time being.

In terms of Massey-Ferguson, I think there is no question their industry is not planning to relocate. There is no possibility of their moving that very massive modern plant anywhere else. The work force is there and the market is there. There is no question about it, they have the market for combines. At this time, as I understand it, they have sold out everything they had in production. There are about 50 combines sitting which they cannot sell because they lack certain parts. They have an order book with, the last I heard, 400 or something on order. This is the season when farmers are buying combines for the simple reason that they are excellent tax write-offs, and that is good business practice. But this is the time some action should be taken.

As you probably know, and I know, there is an intention to commence operation by the middle of next month. We have to make sure that your government and the government in Ottawa start acting on this matter very quickly and very seriously for many reasons. I have outlined some of them.

**Hon. Mr. Grossman:** Mr. Makarchuk, I understand what you are saying, but you really cannot suggest that it is time we started working on this problem. With respect, we have been working on this problem—

**Mr. Makarchuk:** That's not the feeling we get from Massey-Ferguson. You have not talked to anybody yourself—you as the minister.

**Hon. Mr. Grossman:** With respect, some people—and I don't mean Massey-Ferguson when I say this—would believe that if you can only get the politicians subject to political vulnerabilities and political pressures "a deal" can be made more easily and swiftly.

**Mr. Makarchuk:** Let's put it this way. If you have a good case one way or the other, you are not vulnerable. If you do not have a case, you are vulnerable.

**Mr. Renwick:** Why are you playing it cute?



**Hon. Mr. Grossman:** As I said earlier, Mr. Renwick, I am determined not to use any words that are misleading, nor to break any confidences involved, either between ourselves and the federal government, or ourselves and Massey-Ferguson.

**Mr. Renwick:** Why aren't you involved?

**Hon. Mr. Grossman:** Very simple. The discussions are quite properly being carried on between those people who have the financial expertise to develop and bring forward to the political decision makers a business proposition.

**Mr. Renwick:** Have you seen such a proposition?

**Hon. Mr. Grossman:** I have said quite clearly there has not been a definitive business proposition—

**Mr. Makarchuk:** Nobody can give you a definitive proposition in any kind of business dealing these days. No business deal is written in stone.

**Hon. Mr. Grossman:** If you would give me a few moments to respond, with respect, most people, whether they are coming to the employment development fund or ODC, or us in a special case like this, do come in with a final, developed, long-term or short-term—

**Mr. Makarchuk:** With a certain element of risk involved, right?

**Hon. Mr. Grossman:** That's correct.

**Mr. Makarchuk:** Therefore, you assess it and say: "The element of risk is such. However, we are prepared to take a chance." Are you prepared to take a chance on this?

**Hon. Mr. Grossman:** We are obviously willing to take some chance. The question becomes—

**Mr. Makarchuk:** Don't use the weasel words "some chance."

**Hon. Mr. Grossman:** Mr. Chairman, if I can't respond, I won't respond. I am not allowed to respond by Mr. Makarchuk. You may move on to another subject.

**Mr. Cooke:** Could I ask you some specific questions about your involvement, Mr. Minister?

**Hon. Mr. Grossman:** Perhaps you will allow me a moment. I have listened to Mr. Makarchuk make some allegations and suggestions, and I think I should clear the record before we move on to specific questions.

The fact is that a business proposition has to be put to any investor, whether the investor is a private sector investor, whether it

is Argus, the banks or anyone else. Now a business proposition has to be developed and a business alternative, which includes—

**Mr. Makarchuk:** But you've already got that.

**Hon. Mr. Grossman:** With respect, we have not had a final, definitive, long-term proposition laid before the federal and provincial governments for a final decision. That is the point—let me finish, Mr. Renwick—that has—

**Mr. Makarchuk:** Are you trying to confuse me or what?

**Hon. Mr. Grossman:** With respect, it would be foolish to suggest that Herb Gray, Victor Rice and I should sit down and draw up that plan.

**Mr. Markarchuk:** What's the matter with you sitting down with them?

**Hon. Mr. Grossman:** That plan is very much a matter of complex business decisions and financing decisions, and it has to be developed at that level. When the people who are experts in those matters can put together a proposition for governments to consider—and that may be as early as midnight tonight, tomorrow afternoon, or perhaps not for another week—then that is the point at which the decision-makers have to sit down together and decide, as was the case in the Chrysler deal, whether it is a viable business proposition.

There is no question, Mr. Makarchuk, a lot of other alternatives would be politically easier. It would have been politically easier to spend a lot of money quickly. It would have been politically easier for me to spend a lot of time in front of cameras and microphones and putting myself through meetings. But it would not have been constructive to the discussions that were going on. What we are trying to do is have the officials develop a business proposition for the politicians to consider.

I might add, lest you think we are remaining apart from them, my deputy has been in constant contact with Massey-Ferguson and the federal government, and I have been quarterbacking those discussions literally on an hour-to-hour basis. That is the way the Chrysler deal was struck and that is the way any good business deal should be struck. If there is one to be worked out here, that is the way it will happen. I might conclude by saying I am quite prepared to be judged upon the outcome of these discussion.

**Mr. Cooke:** Mr. Chairman, first of all, I have a reasonably logical question. The majority of the jobs are here in Ontario, you

are the Minister of Industry and Tourism, you were not satisfied with the negotiations Mr. Gray carried out on the Chrysler deal, because you did not participate as a full partner in that. You were not satisfied with the job guarantees, as we were not either. You decided to opt out of that program. Why would you leave or abdicate your responsibility in this particular deal to the federal government?

10 p.m.

Don't you have a role to play? Why do you use the line that you are leaving it to your ministry officials when we know and you know that in the end this is a political decision that you as the minister and your cabinet are going to have to make? Why are you reacting to the private sector when we have 6,500 people and their jobs and families at stake? Why are you not involved in proposing something or developing the proposal?

**Hon. Mr. Grossman:** To clarify where we were in the Chrysler deal, we were a full partner in those discussions, as we are a full partner in these discussions—

**Mr. Cooke:** Not if you are not participating.

**Hon. Mr. Grossman:** Wait a minute. I said we were a full partner in the Chrysler discussions. We were not a full partner in the decision. It is the equivalent of this case. We are a full partner in these discussions. My deputy has spent a good two thirds of his time in the last month and a half in those discussions pursuant to instructions and guidance given to him by me, and we may or may not be a full partner in the decision. That is what is still under discussion at the present time.

**Mr. Cooke:** You indicated to us today in question period that you had not met with the officials at Massey-Ferguson, but you had not refused a meeting. We went back to the people we had met. You can indicate they weren't high-ranking officials but Mr. Rice happens to be out of the country or he would have also attended yesterday's meeting with our caucus members. They were official representatives of Massey, spokesmen for Massey.

They indicated to us they made a request again, as of today, to meet with you as minister and you indicated to them there was absolutely no reason to meet with them. Why at this late date are you still taking that position? You still really haven't responded to what I think is a basic question. This will ultimately be a political decision and it appears to me and others on the outside of this that you are manoeuvring, as you did with

Chrysler, so that in the end you are not going to have to be a full partner in whatever the federal government ends up with.

**Hon. Mr. Grossman:** My decision is not based upon positioning myself vis-à-vis the federal government. My position is to make wise and careful investments to create and maintain jobs in Ontario. Those are not meaningless words. I mean those words. It is easy to make a quick investment decision and put the money in. The question is, are you going to make wise investments that are going to keep those jobs a year and two years from today? Those decisions are not easily arrived at. Those are very real concerns. I think it is unfair for you to try to put a simplistic view on it. This is a corporate problem involving international finance, international—

**Mr. Cooke:** It is not just a corporate problem; it is a personal problem for the 6,500 employees.

**Hon. Mr. Grossman:** You keep coming back to that and I can only tell you, you can't outbid anyone in this room, myself, my deputy or the Liberal Party in caring about those jobs, so don't frame it in that context. The reason we are at that table is not because of Argus and not because of the Bank of Commerce, it is because of those jobs. Let's not waste the time of the committee in an important discussion in trying to outbid ourselves in showing concern for the jobs. That is why we are at the table and there is no other reason we are at the table.

Let's just all begin on that basis, giving credit to friends over here, who are as concerned as I am and as you are about those jobs, and try and talk about how you protect those jobs without ending up wasting taxpayers' dollars. That is what it is all about and that is what it is all about at the federal level.

I want to say there is no manoeuvring going on to save ourselves or position ourselves vis-à-vis the federal government. Mr. Rice knows I am available, the Premier is available, the Treasurer is available, and everyone is available at literally a moment's notice. He has been speaking to my deputy because that is where he has agreed the discussion should properly be carried on, and he has done so at all hours of the night and early in the morning. At all times, we talk immediately before and Mr. Wilson reports back to me immediately after.

The moment at which Mr. Rice and I have to meet, or formerly, Mr. Black and I had to meet, when that proper moment comes, that will occur. In fact, it may be a meeting with

the Premier. I don't know. That moment simply hasn't arrived, as it didn't arrive in the Chrysler deal until very late in the operation, which doesn't mean for a moment that those matters are being neglected.

Those persons at Massey-Ferguson who reported to you, I suppose yesterday or today, who were seeking a meeting are not people at Mr. Rice's level. They were not making the request on behalf of Mr. Rice, who knows he need only pick up a phone wherever he is in Europe to contact Mr. Wilson or myself or the Premier and make the appropriate arrangements to talk or have discussions.

If Mr. Rice had called and said he wanted me to sit down, the Premier to sit down, anyone to sit down with his officials, his staff people, that would have occurred. There is nothing stopping that dialogue from occurring. If you will just consider for a moment the use of anyone's time, by officials who have not been part of the Victor Rice-Red Wilson-Bob Johnstone dialogue who are coming in to take some time to go over what has already been gone over with the best of private and public sector information, some of that information is not going to be constructive and not a useful thing to do.

If Mr. Rice wants those officials to come in and see me, I'll see them at midnight; I'll see them at two a.m., as I saw Mr. Iacocca. That's the way this should be handled, and that's a strictly proper way for it to be handled. Ultimately, I must stand or fall on the basis of the decision we strike. I am willing to be judged on that.

**Mr. Hall:** Mr. Minister, could we take it from what you've said that you are available?

**Hon. Mr. Grossman:** As I tell my constituents, all the time. As a matter of fact, two of them in my constituency office last night were Massey-Ferguson employees.

**Mr. Cooke:** Let me ask one other question. I just wonder if the minister—I don't know whether it is an ideological block or what it is—understands the potential in this particular industry and the potential for this particular company, not only for saving the jobs that are already in existence, albeit the workers are on indefinite layoff right now—but for the diesel engine plant as one example?

The company officials who talked to us pretty well indicated—and obviously a company in this position would have to take this position—that you could pretty well write, providing the government is going to parti-

cipate, your own ticket for this company. In other words, they can look at the option of taking control and guiding that company and building the company and producing new implements—whether it be engines or whether it be other parts for the farm implements industry. The potential for Ontario, the potential for Canada, is enormous. Why can't the government and the minister get involved with that in mind and really do some planning for a change in this province for not only saving jobs in a crisis situation but creating jobs and doing some planning in this province?

**Hon. Mr. Grossman:** That latter point is precisely what we're after. It would have been simple for us to look at the debt position of the company a month ago and write a cheque to cover the deficit position of the company. That would have done nothing to save the jobs in Brantford.

**Mr. Cooke:** That's what I said.

**Hon. Mr. Grossman:** May I also say, leaving your sarcasm aside at the start with regard to ideological blocks, or whatever the heck you said, the fact is that the research and development centre we have produced out of the Chrysler negotiations was evidence of forward planning on the part of this province which was not brought forward to us in terms of an idea by you, the United Auto Workers or anyone else involved in it. It was a strategic goal we had in mind through the entire negotiations.

You may rest assured that we have strategic goals in mind during these negotiations. Those strategic goals are not political ones. They are not simply to get through a pre-election period and look reasonably concerned about jobs by spending taxpayers' money. Believe me, I could stop a lot of these questions by agreeing to pay money to save jobs.

**Mr. Cooke:** That is not what I indicated at all, and you know that.

**Hon. Mr. Grossman:** I know that, but you and Mr. Makarchuk are trying to structure it so as to imply that we are not concerned about saving those jobs and we aren't active enough in seeking the kind of long-term security that we are seeking.

**Mr. Cooke:** That's not what I indicated at all.

10:10 p.m.

**Hon. Mr. Grossman:** It is precisely because those decisions are not easily obtainable and the certainty of all that happening is not clear that we are having this problem. Indeed, if



it were all that certain, let's be honest, there would be a lot of private sector money already in the company and they wouldn't be looking around.

**Mr. Cooke:** That is not what I suggested and I don't think you could possibly read that into my suggestion. My suggestion is that there is a lot of potential for this company and its possible expansion into new types of production. That company has put forward those ideas. You know as well as I do that the idea of a diesel engine plant in some of the Chrysler facilities had been talked about to this government and to the federal government for well over 12 months.

**Hon. Mr. Grossman:** There is no question about that.

**Mr. Makarchuk:** And you have not been very aggressive about pursuing it.

**Hon. Mr. Grossman:** That is nonsense.

**Mr. Makarchuk:** That's their opinion.

**Mr. Nixon:** What is the simple answer to why the officials at Massey-Ferguson would tell the NDP delegation you would not accede to their request for a meeting? Are they wrong?

**Hon. Mr. Grossman:** The simple answer is that Mr. Rice wouldn't have told them that.

**Mr. Nixon:** Mr. Chairman, I was listening to the debate, and obviously I was not with our friends from the NDP at the meeting, but they made it quite clear that these were all the rest of the senior officials of the corporation in the absence of Mr. Rice. You said they were at a very high management level.

I was thinking, it may not be a very big thing in the Globe and Mail tomorrow, but in Brantford, where the city depends on the manufacturing jobs, this is a very important thing. If the impression is reinforced that the chief minister dealing with this will not meet with the officials it is going to be very important.

**Hon. Mr. Grossman:** I really would have hoped the Massey-Ferguson officials would have reported—I wasn't there, so I don't know how they reported to the NDP members when they were there. An accurate report of the discussion they had with my office was simply that I was totally informed of the situation and that a further meeting couldn't possibly add anything in the absence of bringing forward a total and complete business plan at the present time.

**Mr. Nixon:** I understand what you are saying and there is no question that but for the cosmetics of the situation I could have taken a couple of hours and met those officials who

are not in a decision-making role and are not the ones who will ultimately present the business plan. That may have been better cosmetics. Quite frankly, I'm really concentrating more on putting together a proposition that is viable than on the cosmetics of the transaction.

To put the shoe on the other foot, it would have been somewhat equivalent to having someone at the director level in my ministry calling up Victor Rice and saying he wanted to spend an hour with him explaining something to him. That wouldn't have been very productive either, and I'm sure Mr. Rice would have said, as we said: "Listen, we've just been talking to all your senior people. We're totally up to date on the situation."

**Mr. Nixon:** There will be a chance a year from now, I hope, to look back on the successful refinancing of the company, with or without government involvement—I personally believe there has to be government involvement of some type—but it's now we would really like to examine some of the events that have involved the two levels of government with Massey-Ferguson.

I gathered from the original statements, both federally and provincially, that somehow you and your friend Herb Gray were giving the original impression that you were not interested in this and maybe it was even time a major company did go into receivership to show that it could happen and that it would be healthier all around. Was there ever such a statement or feeling?

**Hon. Mr. Grossman:** No. We were simply—I shouldn't purport to speak on behalf of my friend, Mr. Gray—from our standpoint indicating from the start that we expected a good business proposition to be brought forward. Failing a good business proposition, the political pressures brought to bear on us would not be enough to make us make a contribution.

**Mr. Nixon:** It was sort of an opening gambit in playing the hand, the poker game that this seems to have developed into, involving the two levels of government.

I gather from statements you and Mr. Gray have made that the question of allowing the jobs to disappear is not admissible. Those jobs are going to be maintained come what may, whether they are Massey-Ferguson jobs or corporation X jobs, or Massey-Ferguson receiver's jobs, or whatever it happens to be. Would it be true to say that you really—I should not use this word—do not give a damn about Massey but that you and Herb Gray have made a full and iron-clad commitment about the jobs?

**Hon. Mr. Grossman:** If the jobs can be saved at all they will be saved.

**Mr. Nixon:** As we look at the press reports in the developing saga, there seems to have been a magic number of \$600 million which the experts, both at Massey, their bank and at Argus, seemed to think was the figure that would be needed to keep the corporation afloat. Is that \$600 million a significant number?

**Hon. Mr. Grossman:** It is a significant amount of money which was a reflection at the point in time at which Mr. Black withdrew from the company. That was estimated to be the amount needed to put the debt-equity ratio back close to where it should be.

**Mr. Nixon:** Would his withdrawal have any effect on the size of that number?

**Hon. Mr. Grossman:** Not on the size of that number. I would remind you that was three weeks or a month ago. The situation has altered somewhat since then.

**Mr. Nixon:** In what particular? You do not mean in inflation. Do you mean they are in tougher shape now than they were then?

**Hon. Mr. Grossman:** I really cannot comment on that.

**Mr. Nixon:** What would alter it? If you say you cannot comment on what would alter it I guess I will have to go on to something else.

**Hon. Mr. Grossman:** It would probably be helpful if you went on to something else.

**Mr. Nixon:** Then if it was altered it would have to be bigger. Is it bigger? I hope you are not in any great rush, and I hope the other members of the committee would permit me maybe five or 10 minutes.

**Hon. Mr. Grossman:** I am not trying to be difficult. I am trying to be fair to the investors.

**Mr. Nixon:** Sure. It is like playing poker with kibitzers who are trying to look at your cards, I suppose. I think the argument made by Mr. Makarchuk and his colleagues is good. Maybe it should not be a poker game. Maybe this ought to be an arrangement—I do not use the word “deal”—publicly arrived at, since you are dealing with nothing but public money and public guarantee.

It really seems unfortunate you have to play the hand by first indicating you do not give a damn about them other than the usual stuff that I am prepared to take at

face value from all of us—that we are deeply concerned about the jobs and, in fact, we are not going to let those jobs disappear. You cannot afford to do it. None of us will allow that to happen. If you want to see real funny voting upstairs, just get close to letting those jobs disappear and we will certainly let you know. That would galvanize all of us, wouldn't you say?

**Hon. Mr. Grossman:** I suspect we would see equally funny voting upstairs if we made an improvident investment.

**Mr. Nixon:** All right. I really want to talk about what the investment might be like, because they are talking about the Canadian Imperial Bank of Commerce which is into this up to its eyeballs. We do not want it to fail. At least, we do not want the jobs to be lost. I do not think we are really worrying about Massey, because there will be some corporate structure there at some time. Massey has changed over the years a great deal. They just changed their board rather dramatically a little while ago and no doubt there will be other changes in the future. We are not talking about the corporate structure. I suppose the bank is very white-knuckled about this, more so than Argus.

One of the things I could not understand, and I would like you to help me with this, is the little phrase in Maclean's from Mr. Black saying, “Of course, we have written down our commitment to Massey to zero.” I never heard the phrase “written down.” What do they do? Do they just send a letter to the tax office saying, “We are valuing our holdings in Massey at zero?”

Interjection.

**Mr. Nixon:** They did at that time. He said they wrote it down to zero and then he said, that famous quote: “I do not care where they get the money. They can get it from the Ayatollah. I am glad to be out of there.” Then he went on to say, “Since we have written it down to zero we cannot lose but we, along with other shareholders, can stand to,” I think his words were, “make a bundle.” That made it almost impossible for you and Herb Gray to do very much.

10:20 p.m.

While we demand the jobs be there we do not want to have E. P. Taylor's successors getting that kind of a windfall. When he gave those shares to the pension fund I thought, sure there would be some sort of tax business, but that must have made it easier for you. I was surprised that both you and Mr. Gray reacted almost with rage. Why did

you react that way? Was it because he did not give you enough notice?

**Hon. Mr. Grossman:** I would not say I responded in a rage. I am capable of doing that but I did not that day.

**Mr. Nixon:** You did not like it though.

**Hon. Mr. Grossman:** I did not like it because it altered the proposal. The proposal, at that stage, had been worked upon for several weeks and when Argus withdrew suddenly, their contribution to the overall refinancing package came off the table.

**Mr. Makarchuk:** It was because \$150 million flew out the window, right?

**Mr. Nixon:** All right, but part of that statement, when he gave the holdings to the pension fund, was that he hoped that Argus would be able to participate in the refinancing package and continue to have a major role to play, or something like that. But, honestly, I thought the guy was quite altruistic. I do not deal with these birds very much.

**Mr. Wildman:** He made a tax gain.

**Mr. Nixon:** I do not know. We do not even know that. They may have made a tax gain but they say he lost \$23 million worth of equity.

**Mr. Makarchuk:** The biggest United Appeal donation in history.

**Mr. Nixon:** Okay. So the minister must agree with you. But for an ordinary innocent farmer it looked to me that should have made it easier for the government to participate. It meant there was no great, bloated capitalist who was going to make some terrible windfall. I thought it was a good thing for him to do.

**Hon. Mr. Grossman:** I would never commit the government to a financial contribution that would have resulted in a capitalist or Socialist making a great windfall. So whether he was in or out, if the net impact was a windfall—

**Mr. Nixon:** He was not going to get it, somehow.

**Hon. Mr. Grossman:** That's correct.

**Mr. Nixon:** The proposal at one time was there would be \$300 million from the bank and Argus together, another \$100 million from their buddies and some sort of a guarantee of \$200 million that if all went well with Massey it would not cost us any money. In other words, there would be a special sale of stock which would have a minimum value guaranteed by the government so if something terrible happened and the last

\$200 million was not supported by the company then the government would pay. Is that impractical?

**Hon. Mr. Grossman:** Let me first say there were all sorts of options discussed. There were far more than you and I could ever dream of.

**Mr. Nixon:** That was probably the simplest.

**Hon. Mr. Grossman:** But the basic principle underlying that is whether it was a guarantee of something or not. The question was, would that package, be it a grant, loan guarantee or whatever, put the company in a long-term secure position, or reasonably secure position. No final long-range business plan, including financing and operating could be put together.

**Mr. Nixon:** When we are talking about a long-range package, and we have discussed it a little bit, Mr. Cooke suggested that we ought to be insisting on them diversifying into other areas such as the diesel plant. I find that very attractive. But the great debacle for Massey was their diversification into construction machinery. That probably was the biggest financial fiscal debacle that this country has ever seen.

**Hon. Mr. Grossman:** Their diversification was part of the problem. I think that is generally known.

**Mr. Makarchuk:** But not into diesel engines, because they are producing diesel engines—

**Mr. Nixon:** It is easy for us to sit here and assume that all they have to do is start building diesel engines in Windsor and everything will be fine. It sounds great to us—

**Mr. Makarchuk:** It is a money-making proposition.

**Mr. Nixon:** —but Perkins diesels are being built in England, and with the change in the valuation of the pound they cannot even afford to put them in their own tractors. That is the problem.

The next thing is, what role is the government going to play, whether they guarantee or participate in any way, in these development plans? You can say, "Okay, we are going to do this if you build diesels in Windsor," which may be a very good thing to do, but the next thing is you ask if they are going to get around to building big tractors. We were talking about this idea in the other debate upstairs and it was said the government wants to build Darlington because it's the biggest atomic plant in the



world; it would be nice to have it whether we need it or not.

It's a funny thing about farmers. There's a terrible compulsion to buy huge tractors, and 100 horsepower is just a start. Massey didn't even make 100-horsepower tractors until about a year ago and then they were kind of pieced together. They lost a lot of that market from the farmers I won't call them macho farmers, but farmers with the judgement that indicated they had to have these big \$70,000-\$80,000 machines. Massey just lost that entirely.

When you are talking about a package, I suppose part of it would be, let's say, a development plan that you would approve of. Would it or would it not?

**Hon. Mr. Grossman:** Yes.

**Mr. Nixon:** Would it be one that Mr. Cooke would approve of, or Mr. Makarchuk?

**Hon. Mr. Grossman:** Going on their track records?

**Mr. Nixon:** Who would approve of it?

**Hon. Mr. Grossman:** This is really the key point. The suggestion that somehow the politicians sitting around and selecting the things they should do is a very dangerous one. That is why we—I think in this case I can speak for Mr. Gray as well—keep saying we have to have business people who are going to be running the company, who know the business, who have some expertise and hopefully some money on line to come in with what they deem to be the long-term survival plan for that company.

To have Gray and I pick off goodies and say, "You are going to do this" is not the right way to come at it. They can bring us some options and we can select between them and begin to talk about that. But you should have the people who know and run the business and have money on the table, because their lives are at stake. That's how you get a good viable operation.

**Mr. Nixon:** Another part of the package would have to be keeping the guarantee and the money here and not let it sink into the floorboards and disappear to Argentina and those terrible development decisions that Massey has made that just destroyed them. Is it possible to keep a string on that dough? Is there a package possible that would be for Canadian use?

**Hon. Mr. Grossman:** It is an international company. We can ensure the money stays in Canada, that if it is applied for new investments—diesel engines—all of that happens in Canada. But let us understand that an inter-

national company, even if it is a good Canadian corporate citizen, ends up having some more money freed up from somewhere else in the system as a result of that. And we are talking about saving an international company.

The money will stay in Canada. Any new assets will be in Canada. Any jobs saved will be in Canada. Any guarantees with regard to jobs will be Canadian jobs. Any new investments will be in Canada. All that will occur here. No foreign banks will end up getting paid off out of our funds. None of those things will happen.

**Mr. Nixon:** Just to finish up, who will run the company? If Argus ran it with their 16 per cent and they gave those shares to the pension fund, will the pension funds run the company?

**Hon. Mr. Grossman:** That's what we have to hear before we make a decision.

**Mr. Nixon:** Who do you want to run it?

**Hon. Mr. Grossman:** There are a number of people, a number of firms, that could run the company.

**Mr. Chairman:** I would like to be fair with Mr. Peterson, and give him an opportunity to be heard.

**Mr. Nixon:** We are not coming back to this topic?

**Mr. Chairman:** That's right.

**Mr. Nixon:** You mean it has been agreed by the committee that we will finish Massey on this day?

**Mr. Cooke:** I didn't realize we had agreed we would finish this evening, Mr. Chairman.

**Mr. Chairman:** It's up to you people.

**Mr. Cooke:** Mr. Renwick has been waiting an hour. I hope he will be able to get some questions on it.

**Mr. Chairman:** In fairness now, Mr. Makarchuk took up half of the hour. Let's be fair. I said I would hear Mr. Renwick and I expect to hear Mr. Peterson. I am willing to stay. If that doesn't complete it, it's up to the committee to make the decision whether or not to go on.

**Mr. Renwick** we will hear you.

10:30 p.m.

**Mr. Renwick:** Mr. Chairman, thank you very much. There are three or four things that intrigue me. Let me pick up that last question of Mr. Nixon's because that one bothered me. Who, at the present time, replaces Mr. Black? Who is the person or

who are the persons who have control of the company?

**Hon. Mr. Grossman:** Mr. Rice is running the company.

**Mr. Renwick:** I understand he is running the company but he was doing that when Mr. Black was there. Who are the people who have the control?

**Hon. Mr. Grossman:** The executive committee. The executive committee is basically appointed by the Bank of Commerce.

**Mr. Renwick:** All right. So the Bank of Commerce is now what you are dealing with for control purposes. In other words, they are going to be able to swing all of the votes that are necessary to get corporate approval later on down the road somewhere.

**Hon. Mr. Grossman:** Subject, of course, to the securities commission regulations.

**Mr. Renwick:** I understand that. Who are you dealing with at the bank?

**Hon. Mr. Grossman:** Russell Harrison. He is the chairman and chief executive officer of the bank.

**Mr. Renwick:** He is who you are dealing with. Let me switch around. You, in carefully choosing your words on this matter, use the term definitive, long range, viable. Those are judgemental matters and you have talked about being totally involved in the discussions which are taking place and that possibly tonight or midnight or tomorrow or next week there's going to be a decision. What is wrong with the proposal which is on the table in Ottawa, to which you are a party to the discussions that are going on? Does it have shortcomings that don't meet your judgemental questions of definitive, long range and viable?

**Hon. Mr. Grossman:** I am sorry. I just can't comment on that.

**Mr. Renwick:** But there is a proposal?

**Hon. Mr. Grossman:** Without trying to be too cute about it, let me say there have been all sorts of proposals talked about for several months. I couldn't say to you that there is at this particular point in time a single, final definitive offer.

**Mr. Renwick:** There are one or two matters which could be called proposals but for which you are delaying your judgement that they are definitive or that they are long range or that they are viable? Are you that close?

**Hon. Mr. Grossman:** I couldn't give you guidance on that. I don't mean I won't give

you guidance. I can't really answer that question.

**Mr. Renwick:** I am not asking you to make a commitment. Does your sense tell you that within a week there will be a deal or no deal?

**Hon. Mr. Grossman:** I can't tell you that either. I don't know. The creditors will determine how long the discussions can go on.

**Mr. Renwick:** All right. Have you got anybody in Ottawa?

**Hon. Mr. Grossman:** Tonight? No.

**Mr. Renwick:** Nobody?

**Hon. Mr. Grossman:** Not tonight.

**Mr. Renwick:** How are you participating fully in these discussions?

**Hon. Mr. Grossman:** Equally, I should say, to my knowledge Massey doesn't have anyone in Ottawa tonight but there have been several times, as was the case in Chrysler, when a phone call has been made, there has been an appointment, and everyone goes.

**Mr. Renwick:** Is there a room anywhere where representatives of the federal ministry, your ministry and the company are sitting down together or have sat down together recently over a period of time?

**Hon. Mr. Grossman:** An infinite number of times.

**Mr. Renwick:** Is there a continuing body that is sitting, carrying through these discussions face to face?

**Hon. Mr. Grossman:** Yes.

**Mr. Renwick:** I don't mean exactly this minute.

**Hon. Mr. Grossman:** Nor is it a matter of three people agreeing to meet every day at noon or whatever, but it happens when there is a point in having it. Massey has gone away to consider what the governments have said. Governments have gone away and then they meet again.

**Mr. Renwick:** All right then. Let me ask you this question. Have you—you, not Herb Gray and not the company or anybody else—an ultimate contingency plan that will prevent the Ontario operations of Massey from going down the drain? Are you prepared, for example, to have legislation drafted for the appointment of a receiver and manager as an ultimate contingency plan to protect that Ontario operation?

**Hon. Mr. Grossman:** We will be positioned to take every needed action in the event no deal is made.

**Mr. Renwick:** I am asking you have you decided that if there is no such thing as a definitive, long range, viable plan and the natives get restless and the company appears to be going, you will move to protect the Ontario assets and jobs, because that is where it will be?

**Hon. Mr. Grossman:** I can tell you, I can only answer that within the context of this, we are not going to make an investment that is unwise, but any wise move we can make, and I think there will be some options in the event the deal is not made, and if one of those options proves to be a viable one we will take that. We have anticipated what the options will be, so we have looked past the current deal and said: "Okay, what could happen in the event a deal isn't made? How might we respond given these variables?" I can't assure you that all of those would work out, but we will be positioned to respond.

**Mr. Renwick:** I am asking a different question. If all of those things fail, are you prepared to tell this committee that the government will have legislation, appoint a receiver and manager for the Ontario assets of Massey-Ferguson to protect the jobs and whatever the procedures are that you would have to go through to do this?

**Hon. Mr. Grossman:** If the company were to go into receivership, obviously the creditors would appoint a receiver.

**Mr. Renwick:** Yes, but I am asking, are you prepared to pre-empt that right, as your government did years ago for Abitibi?

**Hon. Mr. Grossman:** I am not prepared to say that I will pre-empt that right, no.

**Mr. Renwick:** So you are prepared to say if necessary you will simply let the business world take its ordinary course and not protect those assets and jobs?

**Hon. Mr. Grossman:** I am not prepared to comment on what options we might exercise in the event the company goes into receivership.

**Mr. Renwick:** You are not prepared to give that kind of undertaking to the committee, that you will protect those assets come hell or high water if all else fails?

**Hon. Mr. Grossman:** No, you cannot put those words in my mouth.

**Mr. Renwick:** I am not trying to. I am asking if you are prepared to make that commitment.

**Hon. Mr. Grossman:** You can draw whatever conclusions from what I can say to

you. I am not prepared to comment on what option we will exercise in the event the company goes into receivership. I can only say definitively that if those jobs can be saved they will be saved.

**Mr. Renwick:** Those jobs can be saved if you have the will to save them, regardless. I am not talking about anything crazy at all. If you want to save those Ontario assets and those jobs and turn the company around, you can do it. That is not a problem.

**Hon. Mr. Grossman:** Mr. Renwick, I can only put this proposition to you: An investment of I don't know how many billions would perhaps make a big difference to Chrysler and perhaps a big difference to Massey, and that is a totally unrelated option at the present time.

**Mr. Renwick:** All right. Let me switch to another matter. You had said what distinguished Chrysler from this was that you were involved fully in the discussions with respect to Chrysler but that you were not allowed in on the final decision-making.

**Hon. Mr. Grossman:** No, no, we chose not to participate.

**Mr. Renwick:** You chose not to participate in the decision?

**Hon. Mr. Grossman:** In what they did. No, we didn't agree with their decision.

Interjection.

**Hon. Mr. Grossman:** Well it's a hell of a goal but it sure does.

**Mr. Renwick:** Are you reserving that position here, not to participate?

**Hon. Mr. Grossman:** Obviously, we reserve the right to make our own decision.

**Mr. Renwick:** Do you expect to be called upon to make a decision reasonably soon?

**Hon. Mr. Grossman:** I can't comment. I have been positioned to make a definitive decision for a month now.

**Mr. Renwick:** What procedure will you follow when you are in a position to notify the House?

**Hon. Mr. Grossman:** Notify the House, unless it is on a weekend as it was in the case of Chrysler.

**Mr. Renwick:** Will you notify immediately?

**Hon. Mr. Grossman:** Absolutely.

**Mr. Renwick:** Will you also notify the House immediately if there is a breakdown? 10:40 p.m.

**Hon. Mr. Grossman:** Yes, well the point at which we shall notify the House will



depend on what we are allowed to do under the Securities Act.

**Mr. Renwick:** What I am trying to get at is that you are somewhere between absolutely no proposal, just a bunch of guys sitting around talking about the dollars and fooling around with it, and a long-range, viable, definitive plan. You are somewhere in that ball park. Do you assess that as "yes, it is going to sort itself out" and "yes, we have some degree of confidence in this passive role we are playing"?

**Hon. Mr. Grossman:** It is not simply a passive role and it would be unfair for me to comment on whether I am confident it will work out or not.

**Mr. Renwick:** On a vector scale of one to 10, where would you be?

**Hon. Mr. Grossman:** Five. That was jocularly said. That was my way of saying—

**Mr. Renwick:** You don't have a scale.

**Hon. Mr. Grossman:** —I do not want to comment and it would be unfair for me to guess, although I would have a fairly educated guess as to the outcome of the discussions. I do not want to put it at one or on five or 10.

**Mr. Renwick:** Would you agree that in not later than a week you will make a definitive statement in the House about where you stand at that time, and each week thereafter, until this thing is sorted out, rather than leave it to questions?

**Hon. Mr. Grossman:** I could report to the House, but it would hardly be much more definitive than we have been receiving.

**Mr. Renwick:** You certainly won't be communicative if it's like this evening.

**Hon. Mr. Grossman:** I have to do what is right and fair for the shareholders, the company, the employees and the taxpayers. It is difficult.

**Mr. Peterson:** I don't believe this committee or this Legislature can function as a surrogate board of directors for that company. Some of the things I have heard just leave me speechless.

What concerns me more than anything else is the bail-out. It is such a hot potato nobody wants to touch it. The Hollinger Argus bail-out is of very serious concern to me. I remember very distinctly quite a brilliant speech that Conrad Black made at McMaster talking about how proprietorship will save this country and how people—

**Mr. Renwick:** You should have read Stephen Lewis's speech the same day when he got his doctorate.

**Mr. Peterson:** Oh, I did. The Black speech was an interesting sort of neo-Conservative approach, talking about the new dynasties that are going to save the capitalist system. He also talked about, as I said, the joys of proprietorship, something he absolutely turned around and negated in this act, because once he bailed out he had no personal responsibility. It reverts back to Jim's question and Bob's question: Who owns the thing and who is responsible for it?

It looks like we just have a bunch of creditors, trying to salvage their own behinds. They have all got involved through a variety of mistakes over a period of years and are in over their heads. But I don't see that continuity. Mr. Rice is a relatively new player in the senior boardrooms. I don't see the kind of commitment that assures me there is going to be anybody there to pick up the pieces. There is nothing more effective in life than a committed individual or a committed group wanting something, and this is why I look very seriously at that bail-out.

I hope the pension commission does a very serious analysis of this. I would like the income tax people to look at the tax ramifications—it is not particularly your jurisdiction, but you are involved in all of it—to make sure the taxpayers don't end up carrying the can for the extrication of Argus from this situation. I felt a little bit confident at least that there was a high degree of personal commitment as long as Black and his associates were there. These are not stupid men. When they bail out, for, I suspect, more reasons than were stated in the newspapers, and we don't have the kind of commitment to turn that company around, I see the prospects very frankly as kind of dismal at this point. I don't know what the answer is, but I am sure these things concern you and I want to know how you react to that. I want to know how you view the Argus bail-out and what you plan to do about it.

**Hon. Mr. Grossman:** My main concern is really not in wreaking revenge or giving rewards to Conrad Black. As Minister of Industry and Tourism, I want to see if we can find—to use your words—a committed group to run the company and get a viable business proposition put together for the company.

**Mr. Peterson:** There are a large number of people who think this company has to go through the wringer, it has to go into

receivership, we have to shake up the creditors, and they have to lose on it. The government should not have to lose on it. I can tell you this company is not going to die. Receivership is not the end of the company by any stretch of the imagination. It just means presumably those assets will go on the block and go at a bargain price to somebody who has the commitment or is prepared to run it. There is no guarantee they are going to save all 6,400 jobs.

**Mr. Renwick:** The receiver-manager might come up with a long-range viable plan.

**Mr. Peterson:** It might be the only way of salvaging our position here and coming out with a leaner and healthier company. May I ask you this? You alluded to this earlier. Are there a number of people who could possibly run it? Have you had negotiations with other machinery companies?

**Hon. Mr. Grossman:** Since the issue came to the fore, we have gone out and contacted a number of people in the private sector to get a feel for the viability of those assets. This is similar to what we did with Chrysler, as a matter of fact. We canvassed the other companies—

**Mr. Makarchuk:** What did your studies say?

**Hon. Mr. Grossman:** What we did in Chrysler, for example, was canvass Ford and GM to see what use they might make of

that plant, how many employees they might pick up and so on, so we knew what ball park we were operating in. We did the same sort of thing here and we do have some understanding of the options in the event of a receivership situation. This is what I was referring to at the opening of my remarks with Mr. Makarchuk.

I am somewhat confident that come what may, because of the good work force and the good assets and the reputation of the name, the work force, at least in fairly substantial numbers if not total numbers, will be back at work there at some stage. That is, I hope and believe, the worst scenario we are looking at. If I am right in saying that, it is more optimistic than I think most people believe.

**Mr. Peterson:** I have a fairly simple view of these things. I believe individuals can change these things around if you get the right committed individuals. It is really more important than the concept or even those assets sitting there, to put your faith in the right people.

**Hon. Mr. Grossman:** Yes, I quite agree with you.

**Mr. Chairman:** I think we have had a serious discussion, but if the members feel they want to go on with this next Tuesday night, that is up to them.

The committee adjourned at 10:48 p.m.

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Maxwell, J. O., Assistant Deputy Minister, Division of Tourism













No. R-34

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Industry and Tourism



**Fourth Session, 31st Parliament**  
Tuesday, October 21, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, OCTOBER 21, 1980

The committee met at 8:08 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM

(continued)

**Mr. Chairman:** The meeting will come to order. We will revert to vote 2301. I believe the minister was going to answer Mr. Cooke's remarks, and I think Mr. Mackenzie wanted to ask a question.

**Mr. Mackenzie:** I understand the minister is in the process of answering the comments of my colleague. I wonder whether he could include in his answer to him either an answer to or some comment on the question that was asked in the House on Tuesday concerning the flurry of activity that has resulted in a fair number of questions in my constituency office, including people holding Stelco stock, as to what we know about it. Are we monitoring it here, unlike the Ottawa authorities, who apparently are not? Can any kind of commitment be given to assure that there is no danger or that no kind of takeover will be allowed that takes control of one of our success stories out of this province?

**Hon. Mr. Grossman:** The official monitoring body of record in this government is the Ontario Securities Commission. Because we are obviously concerned that it is one of Ontario's best industries, we have been asking questions on an informal basis among the many contacts that my ministry people and I have.

I must report that at present it does not appear to be a takeover situation. It appears to be investors from many different places seeing a good investment and just making a solid investment decision. I am fairly satisfied with that, having asked a fair number of questions of people who are in a position to give a fairly good judgement.

In any case, I can assure you, if a situation were to arise which indicated that control of that company was going to leave this province, I would recommend direct

action be taken by our government to ensure it did not happen.

**Mr. Mackenzie:** Can the minister tell us whether it has been established if the transactions taking place are largely institutional but going out of this province, which still means some loss in dividends and so on?

8:10 p.m.

**Hon. Mr. Grossman:** I can't answer that definitely enough to give you a fair answer, except to say the questions we have been asking are pointed towards trying to ascertain whether control is leaving this country or a takeover bid is going on. We have been assured by fairly good sources that isn't the case.

**Mr. Mackenzie:** My concern is obvious. As you know, some two million shares were traded in four days and a fair number the previous week, and that amounts to about eight per cent of the stock. There are some analysts who say as little as 15 per cent could buy control in that particular company. I think that is the concern, given the fact that it is one of the success stories in the province.

The federal authorities say, "We will worry about it at the point it looks like a takeover is there; then we will monitor it." That comment drove me up the wall when I heard it.

**Hon. Mr. Grossman:** Yes, we are trying to keep a watch on it. Again, whatever action is necessary to be taken to ensure that will not happen, I will certainly recommend to the government. I am fairly confident that will be acceptable. We are not going to lose Stelco.

**Mr. Makarchuk:** As a supplementary: Exactly what would you do? You are making what are considered to be rather nice statements provided you are not faced with the possibility at this time of the need to act. However, when the time comes to act, exactly what course of action do you think your government would take? Are you going to go out on the market and buy a controlling interest in the company? Are you



going to ask the Foreign Investment Review Agency to move in and see if it is possible to stop the takeover from the point of view of using federal legislation? Exactly what action would you take, assuming there is a takeover bid?

**Hon. Mr. Grossman:** It is pointless and would cause erroneous headlines to ask that sort of question of me.

**Mr. Makarchuk:** But it is just as pointless to make the statement here that you are going to do something when the situation comes up. Situations have developed in the past and you did absolutely nothing. I have a fear that when the situation comes up, after the horse and the barn have been stolen, you will be looking for the bloody door to close it. That is the way you operate, based on your past record.

**Hon. Mr. Grossman:** I had been inclined at first to respond at some length to—

**Mr. Makarchuk:** Do it briefly and let's hear what you are going to do. What would you do?

**Hon. Mr. Grossman:** I have given you my answer; you will have to be satisfied with it.

**Mr. Makarchuk:** You didn't give any answer. You said you were going to do something. Big deal!

**Hon. Mr. Grossman:** I had first contemplated responding at some length to the comments made by Mr. Cooke last week. But I thought that to engage in a philosophical and oft-repeated argument between myself and Mr. Cooke on whether the Regina manifesto has a lot of relevance would not use the time of this committee terribly well. Therefore, in fairness to members of this committee, my staff and my mental health, I thought I would try to restrain myself and not get involved in all that rhetoric.

Suffice to say that I do take some objection to some of the remarks made the other night. I have sat through five series of estimates in the two ministries I have had. This is my third presentation of these estimates.

**Mr. Nixon:** Thank God it is the last, eh, Larry?

**Hon. Mr. Grossman:** Yes, with those critics around. We have had fairly constructive and sometimes very controversial discussions both in this ministry and in the other ministry I had. I do not think the remarks are fair or constructive, and I am not going to accept the kinds of remarks Mr. Cooke is making, that we don't care about the unemployment problems; that we don't understand their social problems; that we don't understand their personal problems and that we are un-

feeling about them. I think the programs are quite fair game, and we have been through them many times.

What we are all here for is for people to analyse the programs we are into, to suggest they aren't going far enough and are not good enough. I must say I disagree with that on two counts: first, as a matter of courtesy and, second, because of the comments used. Those who have studied the record of this government can criticize us, and we are open to criticism; that is what we are here for and that is what the system is here for in terms of policies. I just have to say I think it's unfair and unwarranted to use the kind of extreme comments and statements Mr. Cooke used the other night, suggesting we don't care about the problem. That is just not fair.

**Mr. Laughren:** Some of your remarks in the House have been downright sleazy in the last couple of weeks. You are not the one to tell Mr. Cooke that he is not saying nice things to you. Don't give us that nonsense.

**Mr. Chairman:** The minister has replied.

**Mr. Laughren:** You have been setting up straw men and knocking them down.

**Mr. Riddell:** Obviously labour doesn't think they have the answers either. They wouldn't let the leader of their party speak on Saturday at the big rally.

**Mr. Mackenzie:** The Liberals were noticeable by their absence.

**Mr. Makarchuk:** It was a nonpartisan organization.

**Mr. Laughren:** We are not impressed with your response.

**Mr. Nixon:** Let the president of the United Automobile Workers speak for Massey.

**Mr. Makarchuk:** We do a hell of a lot better job than Argus. We show a lot more social responsibility than Conrad Black or E. P. Taylor or McDougald did.

**Hon. Mr. Grossman:** Where's Mr. Peterson?

**Mr. Nixon:** He was here Thursday night.

**Hon. Mr. Grossman:** After the letters that were in the paper, I thought he would be around for sure. In any case, I can assure the members of the New Democratic Party that they can call me sleazy or whatever they want, but tonight is not going to be one of those nights in which I am going to get involved in name-calling.

**Mr. Laughren:** You will decide when you want to do the name-calling, but you don't want to do it tonight.

**Hon. Mr. Grossman:** I regret that in question period I did not roll over and play dead while you got all the rhetoric on the record.

**Mr. Laughren:** You were the one who was engaging in rhetoric. You have started it off already.

**Hon. Mr. Grossman:** I am going to let all the rhetoric that you put on the record here in the estimates committee—

**Mr. Cooke:** Your talk is cheap. That is why we don't believe you have a great deal of concern for the unemployed.

**Hon. Mr. Grossman:** —stay on the record so that you can distribute it to your constituents and do what you want with it.

**Mr. Cooke:** We will take out your interjections, though.

**Hon. Mr. Grossman:** I have some, but I hope at least from this side I can keep my remarks at a reasonably high level tonight in spite of what you are trying to do.

**Mr. Nixon:** Here it is almost 8:20 and we have accomplished so much.

**Mr. Cooke:** Does that comment mean you are taking the high road tonight too?

**Hon. Mr. Grossman:** Just looking over what the critic said the other night, I think I will let it lie on the record there and speak for itself. I am not going to take the time of the committee to respond.

**Mr. Laughren:** And that's what you call the high road?

**Hon. Mr. Grossman:** We can go to the votes.

**Mr. Nixon:** I wonder if it would be considered in order, Mr. Chairman, if we did question the minister a bit further about the Massey refinancing? Since our discussions last Thursday night, the minister has enunciated policy. Frankly, I thought he might have made a statement before orders of the day today, and I was rather disappointed he did not do so.

**Mr. Chairman:** Are the committee members in agreement to go into the subject of Massey-Ferguson? Mr. Nixon would like, in view of recent developments, to get a little more explanation.

**Mr. Cooke:** We were in the process of discussing the minister's arrogance and lack of replies.

**Hon. Mr. Grossman:** If you will just wait, I just want to get on the record, Mr. Chairman, that at the conclusion of the proceedings the other night the third party critic, who now says it is arrogant not to reply, asked me if I would be kind enough to

keep my remarks in reply short this evening in order that we could get on with the votes.

**Mr. Cooke:** I said short; I didn't say no reply at all. Let's get serious.

**Mr. Laughren:** There you go, starting again.

**Mr. Nixon:** As the voice of moderation here this evening, I would like to ask the minister if he has committed Ontario to a guarantee of \$50 million in support of Massey as is rumoured, or can he give us something more specific about that?

**Hon. Mr. Grossman:** I can't say anything more specific. The federal government and ourselves have been talking about the amount with respective investors and the amount has not been firmed up.

8:20 p.m.

**Mr. Nixon:** Is it possible that if Argus Corporation decided to re-enter its active position, vis-à-vis Massey, it would have the advantage of the guarantee that has been announced by the two ministers?

**Hon. Mr. Grossman:** I don't see them on the horizon at the moment and they aren't one of the parties within the discussions going on at the present time. I would think what would have to happen is the current discussions would have to conclude and conclude unsuccessfully before an offer from Argus would be entertained.

**Mr. Nixon:** I understand that the federal minister, in response to a question, has said that no bank which would be taking part in the refinancing would be eligible for any part of the guarantee. I am sure he is talking about only one bank. Would the minister confirm that?

**Hon. Mr. Grossman:** I would say that basically our support is pointed towards getting an operator for the company, someone who knows the business and is an entrepreneur, to take over the business, rather than just encouraging a bunch of financing to come into place. If it might be helpful to the committee—I don't know if you have seen the Massey-Ferguson statement which they issued around four or five o'clock—

**Mr. Nixon:** I have not.

**Hon. Mr. Grossman:** —I might read it to the committee, which will be helpful to them.

**Mr. Hall:** The whole statement?

**Hon. Mr. Grossman:** It is just a few paragraphs.

**Mr. Hall:** A brief statement, not the financial statement?

**Hon. Mr. Grossman:** No. That would be brief too. This is the statement issued by Massey-Ferguson late this afternoon:

"Massey-Ferguson Limited reacted with very great satisfaction to the joint announcement of the governments of Canada and Ontario that they 'are prepared to guarantee the capital risk of a portion of the new equity investment' in the company from the private sector 'providing various conditions are met including a satisfactory degree of co-operation from existing lenders."

"The company's refinancing plan comprises a total package of \$700 million Canadian of preferred and common shares, of which \$200 million is proposed as equity shares carrying governments' guarantee as to a substantial portion, \$150 million as convertible preferred shares to be purchased by the Canadian Imperial Bank of Commerce and \$350 million as an underwritten public issue of convertible preferred shares guaranteed by other company lenders, of which the Canadian Imperial Bank of Commerce will undertake to purchase any unsold balance of shares up to \$150 million."

"The major participation of the Canadian sector should provide a strong incentive to other lenders around the world to lend their support to enable this package to be realized."

"The package would entail the infusion of \$425 million of new funds and the conversion of \$275 million of existing debts."

"This action by the two governments is a crucial first step which will now allow the company and the company's financial advisers to press ahead with negotiations with its principal lenders and prospective investors."

**Mr. Hall:** Supplementary, Mr. Minister, to Mr. Nixon's questions: This may be going over old information but it might help me at any rate. Is control of Massey-Ferguson now Canadian?

**Hon. Mr. Grossman:** The control is now Canadian.

**Mr. Hall:** Are you aware of any potential applications to the Foreign Investment Review Agency which would, in terms of the reinvestment program, change those circumstances?

**Hon. Mr. Grossman:** No.

**Mr. Hall:** Would any agreement that you had to put forth make that an impossibility?

**Hon. Mr. Grossman:** I am not sure I understand what you are driving at.

**Mr. Hall:** I refer to the kind of conditions you are attaching to the guarantee levels that you and Mr. Gray are involved in.

Clearly, for the investment in new shares that you would be guaranteeing, you would make it one condition that they would not be foreign-owned shares.

**Hon. Mr. Grossman:** Canadian equity is a condition of the deal.

**Mr. Nixon:** Will the guarantee be applied across the board to anybody purchasing shares at the time the agreement is entered into?

**Hon. Mr. Grossman:** Again, I have to be careful not to give false impressions here. To use Massey's statement, the purpose of the government's guarantee as to a substantial portion of the \$200 million of equity shares was to lever specific private investors who would come in and take over, and one would manage the company. That is the purpose of the government participation.

**Mr. Nixon:** In other words, you are selecting a group which may, because of the guarantee, come into the thing with sufficient thrust to take over the management. In other words, you are buying the management of Massey for a group that remains unknown.

**Hon. Mr. Grossman:** I wouldn't say we are selecting a group. There are some groups out there and a satisfactory group coming in would be eligible to have us participate.

**Mr. Hall:** To put it another way, Mr. Minister, are you helping a large company to gain control of Massey-Ferguson with government backing. A specific group?

**Hon. Mr. Grossman:** Not necessarily.

**Mr. Makarchuk:** Supplementary to that: Which group issued the statement? In other words, there is nobody in charge of Massey.

**Mr. Nixon:** Oh yes, they have a president.

**Hon. Mr. Grossman:** Mr. Rice—

**Mr. Makarchuk:** Was the statement then issued by Mr. Rice?

**Hon. Mr. Grossman:** It was issued by Massey-Ferguson.

**Mr. Makarchuk:** By which group of directors or executive committee was it issued?

**Hon. Mr. Grossman:** There is a corporate entity called Massey-Ferguson.

**Mr. Makarchuk:** I realize there is a corporate entity, but it has no directors and it has—

**Hon. Mr. Grossman:** It has directors.

**Mr. Makarchuk:** The remaining directors, is that the understanding? The Argus directors have all resigned.

**Hon. Mr. Grossman:** Mr. Makarchuk, I can't look behind the press release. I can



only tell you it is a press release officially issued by Massey-Ferguson Limited.

**Mr. Makarchuk:** One of your concerns was to hold the company a while ago. I presume, now they are issuing a press release, that somebody has some control over the company.

**Hon. Mr. Grossman:** I think it is safe to say the executive committee, headed by Mr. Rice, is running the company.

**Mr. Hall:** Do those shares that Argus turned over to the pension fund represent a controlling block?

**Hon. Mr. Grossman:** They are essentially not being voted as a common block exercising effective control of the company. The company, because of the particular situation in which it finds itself, is operating under a board of directors essentially appointed by the bank.

**Mr. Hall:** That may be, but shares are still shares and directors can be changed and voting blocks still represent votes.

**Hon. Mr. Grossman:** They sit there at the shareholders' meeting in November or December, at which time there may be some changes.

**Mr. Hall:** They have made some director changes already, which obviously came about by strength relative to the votes held. Those new people on the board didn't just ask to be put on.

**Hon. Mr. Grossman:** I can only report to you that everyone involved in the negotiations is satisfied that Victor Rice is acting on behalf of and with the consent of the shareholders of the company. If that were not the case, then there are adequate provisions in the securities legislation.

**Mr. Hall:** Does he have proxies for those pension fund votes?

**Hon. Mr. Grossman:** He has the support of the executive committee of the board which is acting on behalf of the shareholders. There are provisions in the securities legislation—  
8:30 p.m.

**Mr. Cooke:** Mr. Chairman—

**Mr. Hall:** I just want to complete, Mr. Cooke. You said "not necessarily" when you talked about a specific investor. But what do you mean by "not necessarily"? Do you mean there is a far-out chance the public will take up stock? Surely you are working towards a goal.

**Hon. Mr. Grossman:** Mr. Hall, let me say I gave that answer simply to keep our options open, because we are trying to keep our options open.

**Mr. Hall:** You are saying you really don't know at this time. Is this what you are saying?

**Hon. Mr. Grossman:** We are working in a pretty clear direction, but we don't want to get ourselves locked into a position that harms our ability to negotiate as time goes on.

**Mr. Hall:** It seems to me to be rather a risky business to help a large company gain control with government backing. It has positive advantages, I suppose, but it seems to me there might be downside risks as well.

**Hon. Mr. Grossman:** Let us try to put it in some perspective. Massey is trying to find some financing to reinvigorate the company, and it obviously needs management. It also needs the co-operation of its banks, creditors and suppliers. To do that, it is seeking a new player, as it were, a new major investor. Major investors are obviously concerned about the downside risks and, in order to facilitate the securing of those jobs and an adequate package being built, the governments are saying they are willing to participate in this way. It is becoming apparent that this may be one of the keys to making it happen. That is the sum and substance of where we are at.

**Mr. Nixon:** May I just complete my questioning? The major investor is going to have the advantage of your guarantee?

**Hon. Mr. Grossman:** May have the advantage of my guarantee.

**Mr. Nixon:** And the major investor exists as a corporate entity known to you at this time?

**Hon. Mr. Grossman:** I can't say for sure that we know who it is going to be.

**Mr. Nixon:** So the guarantee is not intended to persuade Canadian investors, let's say small investors, to say, "Well, the big guys are moving in their capital. The poor old bank is going in with \$150 million and has to guarantee an additional \$150 million." The minister certainly did a great job with the Canadian Imperial Bank of Commerce. I congratulate him.

**Mr. Makarchuk:** Listen, if you are up to your neck to the tune of \$400 million, you don't need—

**Mr. Nixon:** All right, they are going in for another \$300 million. It seems to me if a group is going to go in to take over management—we recall what happened when Argus went in there to take over management and the management immediately directed the payment of dividends. Thank God, at least

in these circumstances this may not happen this time, but the people who manage have a certain inherent benefit.

The guarantee may be applied to, let's say, a larger number of smaller and more general investors who do not have as their aim the takeover of management and the election of themselves to \$150,000 management jobs. Why can't you guarantee the investment of smaller Canadian investors and use that as the lever you are talking about to persuade another corporate group to come in with a significant unguaranteed investment that would carry with it the responsibility of managing the affairs of the company and also the perquisites?

**Hon. Mr. Grossman:** All those things are still options. I have simply pointed out the main thrust behind us in developing this approach at the federal-provincial level, which was to do what was necessary to lever a new company, a new series of entrepreneurs, to come in and run the company. I can't say this is going to be generally open to the public or that it is not. You will notice it refers to \$200 million, of which a substantial portion carries a government guarantee.

**Mr. Nixon:** Yes, but it says \$200 million carrying a government guarantee as to a substantial portion. What does that mean?

**Hon. Mr. Grossman:** It means not all the \$200 million.

**Mr. Nixon:** Is anything definite in this?

**Hon. Mr. Grossman:** No. Not at present.

**Mr. Nixon:** Is it possible that Massey-Ferguson could be persuaded to issue a new class of share that would be nonvoting but would carry the guarantee? We would then leave the responsibility of management to these big boys we want to lever or entice into investment, subject of course to the acceptance of their management goals and packages?

So a Canadian with a few hundred or a few thousand dollars can say, "I am going to buy Massey-Ferguson because I believe the company is going to be okay and I cannot lose anything more than interest on that money because, if it goes bad, Mr. Grossman is going to pay what I paid for."

**Hon. Mr. Grossman:** Yes, and I do want to say this, the object of the exercise is to do something more than just subsidize the raising of a whole lot of money out there because—and I am sure you will agree with this—we do not want a situation in which we are encouraging a lot of small investors to come in because we are helping them get

in, as would be the case with a small business development corporation setup, which is what the SBDCs do. That is not the point—that is the message I was trying to convey earlier—of developing this sort of approach.

**Mr. Nixon:** You ought to use it to select the management.

**Hon. Mr. Grossman:** I would come at it the other way, to assist Massey-Ferguson in trying to get the proper people to come in with them. You may not see the difference there. I should add that the statement Massey-Ferguson is making is nothing more and nothing less than Massey-Ferguson meeting its requirement under both the Canadian and American securities legislation to update its shareholders on the current situation.

**Mr. Nixon:** Whatever you do with this, the holders of the former Argus 16 per cent, and it seems to me these will be the trustees of the company pension plan, are going to be in a very strong position.

**Hon. Mr. Grossman:** Not necessarily.

**Mr. Nixon:** Why not? I mean you are diluting the stock to some extent, but they are still going to be in a very strong position to name the board of directors. Have you any objection to that?

**Hon. Mr. Grossman:** I really cannot comment on the conclusions you are drawing.

**Mr. Nixon:** That is wild; this thing is really wild.

**Hon. Mr. Grossman:** It is very complex. The situation is still very fluid. There are substantial discussions going on. Our proposal was meant to aid those discussions. The report you have in front of you is Massey-Ferguson's requirement under the Ontario Securities Commission, but it remains a very complex situation because of the numbers of components that are necessary to come in: all of the banks, not just one bank; the number of creditors; obviously the shareholders, in large blocks and the minority shareholders have to be taken into account; some foreign holdings and how they are secured. It is a very complex negotiation.

**Mr. Nixon:** This is a little bit of a side issue, but did your staff inform the securities commission or advise them they should suspend trading on Monday pending your two-paragraph announcement?

**Hon. Mr. Grossman:** We did not ask the securities commission to issue a cease trading order. The securities commission, hearing, understanding and being informed

there was a statement pending, confirmed that statements were being drafted and, therefore, they decided to suspend.

**Mr. Hall:** You did not tell them you were issuing a statement?

**Hon. Mr. Grossman:** They were informed that a statement was being drafted.

**Mr. Hall:** You are using words; you say, "They were informed." Did you inform them?

**Hon. Mr. Grossman:** I believe the federal government did.

**Mr. Hall:** One of the players in the statement informed them.

**Hon. Mr. Grossman:** The federal government did. They called to confirm that with us; they suspended trading.

**Mr. Nixon:** I just want to confirm something I asked as a supplementary during question period about the deadline at the end of the month. Is the Canadian Imperial Bank of Commerce really operative through the course in that deadline, or is the Bank of South Argentina, and so on, the people we have to persuade to go easy for a few weeks?

**Hon. Mr. Grossman:** There are in excess of 250 creditors, mostly banks.

**Mr. Hall:** What is the offshore debt?

8:40 p.m.

**Hon. Mr. Grossman:** There are 250 banks and the financing and banking arrangements are terribly complex out there. Therefore, it would really be difficult to say definitively that a given day is the operative day. I cannot predict the responses of the banks through their complex arrangements out there. Presumably these kinds of statements will avert any unusual reactions.

**Mr. Nixon:** Do you have a contingency plan in the event that some of those banks might not be sufficiently impressed with the fact that Ontario is prepared to guarantee to the extent of maybe \$50 million or whatever unknown figure, but probably \$50 million and no more? Do you have a contingency plan in the event those people start calling the debt and saying, "We do not think that is good enough"? In that connection, what is the offshore debt that we have to deal with?

**Hon. Mr. Grossman:** I am sorry, what was your last question?

**Mr. Nixon:** What is the debt outside of Canada?

**Hon. Mr. Grossman:** Offshore, it is in excess of \$1 billion.

**Mr. Nixon:** What if those people are not sufficiently impressed with that statement and they say, "We are going to call this"?

**Hon. Mr. Grossman:** This has been the situation for some time.

**Mr. Nixon:** Do you have a contingency plan?

**Hon. Mr. Grossman:** We have planned all sorts of options. We have all sorts of options in mind.

**Mr. Nixon:** Plan B.

**Hon. Mr. Grossman:** By now, we have plan R or S.

**Mr. Cooke:** I just want to ask a couple of questions and then Mr. Makarchuk wants to ask a few questions.

First, there was a statement in the Globe and Mail today that Mr. Gray would not be against the idea of Argus participating in the refinancing package. What is the minister's position on that?

**Hon. Mr. Grossman:** If the current negotiations do not prove successful and Argus wants to come in, we will listen to it.

**Mr. Cooke:** If the current negotiations do not prove successful; in other words, if the companies you are looking at that are thinking of controlling don't work out, you would not be averse to the idea of Argus coming back in and taking control.

**Hon. Mr. Grossman:** I am not going to allow you to put those words in my mouth. I am just telling you that if Argus wants to come in and make a proposal, we will listen to them.

**Mr. Cooke:** I am surprised, though, especially when you showed—

**Mr. Nixon:** Does he have to come in on his knees?

**Mr. Cooke:** I am surprised you would not take a firmer position that you do not want them back—

**Hon. Mr. Grossman:** With David Peterson. If you can get Peterson to come—

**Mr. Makarchuk:** Can you get Peterson first, though?

**Mr. Bounsall:** Can I ask the question another way? Does it make any difference to you whether or not Argus is involved?

**Hon. Mr. Grossman:** From my standpoint, I want the best management and financial arrangement possible.

**Mr. Cooke:** I hope you do not have too much confidence in Argus' management after they did what they did to the company.

**Hon. Mr. Grossman:** We were extremely disappointed at what they did.



**Mr. Makarchuk:** When did you get disappointed? Were you disappointed about five or six years ago?

**Mr. Nixon:** That is when they did the damage.

**Hon. Mr. Grossman:** I do not quite recall Mr. Makarchuk standing up in the House five or six years ago complaining about Argus.

**Mr. Bounsall:** He predated you.

**Mr. Makarchuk:** I did. As a matter of fact I could probably find you the first—

**Hon. Mr. Grossman:** You wanted us to buy Massey-Ferguson five or six years ago?

**Mr. Nixon:** What disappointed you? Was it their contribution to the sloughing off of the shares? Is that what disappointed you?

**Hon. Mr. Grossman:** I guess the timing of it, the way it was handled.

**Mr. Nixon:** That sounds like ministerial sensitivity rather than hard-headed judgement.

**Hon. Mr. Grossman:** No. That is hard-headed judgement as a result of a bunch of people who spent a heck of a long time working on what they believe to be a serious effort, and then the day before it was about to be considered by the federal cabinet, the people with whom we had spent a hell of a lot of time suddenly bailed out.

**Mr. Cooke:** Why would you not say, as one of the conditions of your coming in and guaranteeing, whether it be \$50 million worth or whatever amount of shares it is going to be, that you have had it with Argus? Why wouldn't you say they have milked the company, they did not do a good job of managing it and in the interest of the company and of the people who work for it you just do not want to be involved, it has to be someone else.

**Hon. Mr. Grossman:** I just think the responsible thing to do at this stage is to keep every single option open. I would think it would be unlikely that Argus would be back to see us, and after the experience we had, I would not be expecting an arrangement to be worked out, which would be satisfactory to us.

I have to tell you, if we are to be responsible in this—I know it is attractive to try to set up a headline saying we would consider Argus once again, and I am not saying that—if they want to make us a proposal, I think we are obliged to listen to them. I have been quite honest. The way they handled it was irritating and wrong and—

**Mr. Cooke:** But you may give them another shot at it.

**Hon. Mr. Grossman:** You are not going to get me to say I may give them another shot. I wonder what you would say, for example, if there were no other Canadian purchasers, if the current negotiations did not pan out and we were faced with John Deere from the US—which is not an option, let me make that clear—coming in and buying up the company. Would you prefer we sell it to a multinational company or at least have the courtesy to listen to a revamped offer?

**Mr. Makarchuk:** Why don't you take it over yourself and operate it?

**Mr. Cooke:** Mr. Gray seemed to rule out the possibility of government taking direct equity, at least in the statements in the press. You seem to leave that option open. At what stage will that be a serious option for the government? Is that the last resort? Why not look at that as one of the better alternatives?

**Hon. Mr. Grossman:** You may think it is a viable alternative for the government to take over and run the company but—

**Mr. Cooke:** If you take equity control then you can appoint people to the board of directors as we have done with other crown corporations. De Havilland is a good example. Why can't that happen with Massey-Ferguson? I think I would have more faith even in you and your government appointing the board of directors than Argus. Well, no, that might be going out on the limb a little bit, but at least we would be able to ask questions. What is your problem with looking at government taking equity and control? What is the problem with that?

**Hon. Mr. Grossman:** The thing we are considering right now is that substantial negotiations are going on, which is a far preferable option, to use David Peterson's words, to having us sit around this table as a surrogate board of directors for Massey-Ferguson.

**Mr. Cooke:** No, I do not think that is what we are saying.

**Hon. Mr. Grossman:** Sure it is.

**Mr. Cooke:** No, it is not. You are not going to be appointing MPPs to the board of directors of Massey-Ferguson.

**Hon. Mr. Grossman:** You better believe it.

**Mr. Cooke:** Maybe defeated ones.

**Mr. Bounsall:** There will be a few available after the next election.

**Hon. Mr. Grossman:** Yes, maybe after the next election. Marvin Shore could be the re-

ceiver. He would get a lot of support around here.

**Mr. Hall:** Has he sent a letter to you asking for the job already?

**Mr. Bounsall:** I would like to ask one question on the Argus side of things. You are very negative at the moment about Argus coming back in, or pessimistic about its being involved. Surely, if I get your vibes—maybe you did not say it in as clear cut a way as that—are we not back dealing, in some very near future, with Argus anyway.

The Pension Commission of Ontario is very sensitive about what affects pension plans and this donation by Argus to the workers' pension plan, when looked at from a financial point of view, would be totally unacceptable. That so-called gift will be turned right back as being unacceptable in terms of the workers' pension plan. So this is just a short-term appearance of handing over something by Argus which it knows and you know—or have a fair feeling—is going to be tossed right back at it. So we are really still dealing with Argus—not at the moment, but we are certainly going to be soon.

**Hon. Mr. Grossman:** I may find the proposal made by Argus totally unacceptable. I would certainly look upon any proposal brought by Argus with some degree of suspicion in view of what went on. I want to clarify that for you.

**Mr. Bounsall:** But isn't that really what went on? All they are doing is staying out of the picture for just long enough for the Pension Committee of Ontario to say, "No, we are not going to accept that rotten gift on behalf of the pension plan of the workers of Ontario. You cannot do it to that pension plan." And Argus is back with it again.

**Hon. Mr. Grossman:** The fact remains that the government's involvement will ensure that we will dictate the conditions under which our equity guarantee will come into place. So we do have some control over that situation. All I am saying is that, in fairness, both governments have to listen to any offer brought. I do not expect to see any offer by Argus. I would be highly surprised if any offer came in and it could well be that we would find any offer unacceptable.

8:50 p.m.

**Mr. Cooke:** Just let me ask one final question. Before you issued yesterday's statement, you must have developed over the last few weeks some very clear ideas in your mind as to where you wanted this corporation to go. I'm referring to protection of the present jobs, expansion, and what types of things you

want them to go into in Ontario. What kind of demands are you making on the corporation? When you talk about co-operation, job guarantees and other guarantees, what types of guarantees are you looking at?

**Hon. Mr. Grossman:** I cannot be specific on that except to say that the kinds of guarantees we are looking at are to ensure that all of their R and D occurs in Canada, that any future new facilities be built in Canada and that the jobs be maintained in Canada.

**Mr. Cooke:** There was talk about a diesel engine plant possibly locating at the Chrysler engine plant in Windsor. Is the minister aware there is a company from Ohio—Cummins, I believe it is—that is now looking at that engine plant? Wouldn't he feel it would be preferable for Massey—which we hope after this is all settled will be a stable company, Canadian-owned if not government-controlled—to be building the engines in the Chrysler engine plant in Windsor rather than having another foreign subsidiary building those engines? If he agrees with that, is there any way the process can be speeded up so we know what is going to happen with Massey and they can make those kinds of commitments at that plant as part of the overall refinancing package?

**Hon. Mr. Grossman:** The answer is that we are trying to move the Massey discussions along as quickly as possible. Massey, the federal government and ourselves are very aware of the potential for that facility in Windsor and the diesel opportunities. If that can be accomplished, it will be accomplished. If it cannot be accomplished, I am pleased to learn you will accept some multinational investment in a diesel engine plant.

**Mr. Cooke:** I didn't say that. I was saying that I would prefer to have a Canadian corporation. Did I not say that?

**Hon. Mr. Grossman:** Would you care to declare yourself? Would you be happy to accept foreign investment?

**Mr. Cooke:** I spoke to the mayor yesterday about it and I said I would prefer to have Massey-Ferguson building those diesel engines in Windsor.

**Hon. Mr. Grossman:** But you would accept multinational investment?

**Mr. Cooke:** Chrysler has to get diesel engines some place.

**Hon. Mr. Grossman:** You can say it; it is okay. You can say the word "yes" and answer you would accept it.

**Mr. Laughren:** There you go setting up your straw man again. It's an old trick of

yours. You only give us an acceptable alternative. That is all you give us.

**Hon. Mr. Grossman:** Here comes Tug McGraw. Why don't you let your starting pitcher try to answer the question.

**Mr. Cooke:** I answered the question.

**Mr. Laughren:** The minister did not reply to his leadoff.

**Mr. Cooke:** I answered the question. I said to you that Massey-Ferguson should be building those engines and I think Massey-Ferguson should be controlled by the government.

**Hon. Mr. Grossman:** I just asked if you were prepared, as a last resort, to accept multinational investment in building diesel engines in that plant.

**Mr. Cooke:** If you are not willing to give the alternative because of the government strategy you have, we have absolutely no alternative in this province. That is the problem. The problem is that you give us no alternative but to accept foreign investment.

**Hon. Mr. Grossman:** Of course, we do not give you any alternative. So the answer is, yes, you would accept it?

**Mr. Cooke:** The alternative is that if you showed some leadership in providing—

**Hon. Mr. Grossman:** You do not have the courage to say yes, do you?

**Mr. Cooke:** You do not have the courage to deal with the problems.

**Hon. Mr. Grossman:** That is not the point. At least your colleague next to you, to give him his due, had the courage last year to stand up and ask if I would ensure that Windsor got its fair share of, to use his code word for multinational investment, offshore investment for his constituents in Windsor. At least he had the courage to do that and I applaud him for it. You will not even say yes.

**Mr. Cooke:** That is like saying to workers, "Do you want unemployment or do you want jobs?" That is the kind of position you put workers into in this province. You say, "If you want a job you get it in foreign investment; if you do not want a job then blame your union," as you said today, and use a bunch of other excuses. If you had a proper industrial strategy in this province—and obviously you must find it difficult to respond to our industrial strategy because you did not even bother trying today—we would not have to make the choice of no jobs or foreign investment.

**Mr. Makarchuk:** On the same point as raised by Mr. Cooke, you have to take into account that if you establish a non-Canadian

company's diesel engine plant, you jeopardize the possibility of a Canadian company somewhere down the line being able to establish its own diesel plant. That is where the problem comes in.

**Hon. Mr. Grossman:** Did I hear you say we should leave it empty?

**Mr. Makarchuk:** Let me finish. If you were aggressively pursuing that diesel plant with Massey-Ferguson which Massey officials, incidentally, said you were not, I want to make that clear, then perhaps we would have had that diesel plant operating now in Canada, in which case Cummins would not be so anxious to come into a market that was saturated. That is where the problem comes in. Again, it is the same situation where after the horse and barn are stolen, you are trying to find the door to close it.

Of course you put it down in a very simplistic way and say, "Are you going to take this as a last resort?" We have taken a lot of things as a last resort and we are finding out that those chickens are coming home to roost right now because what started out as a manufacturing plant became an assembly plant, became a bloody warehouse and nothing else developed.

**Mr. Hall:** Mr. Chairman, on a point of order: I think they have got enough to mail to their constituents. Can we get on with the estimates?

**Mr. Eakins:** Mr. Chairman, I understand the estimates end tomorrow at noon or at 12:30 p.m., is that correct? I think we should be moving along because these estimates affect all people in all parts of Ontario.

**Mr. Chairman:** I think there has been quite a discussion on this. I realize it is a serious problem.

**Mr. Makarchuk:** I want five minutes, Mr. Chairman.

**Mr. Eakins:** If you want to have a special debate on Massey, then you can have it. I think we should move on.

**Mr. Chairman:** Order.

**Mr. Makarchuk:** They asked to open the subject, we did not, and now they are complaining about the fact that it is open. They want to suck and whistle at the same time.

**Mr. Eakins:** You asked to open it.

**Mr. Makarchuk:** I think it is reasonably fair that all members who wish to participate should be allowed to participate. It is not only common courtesy, but it is a sort of humane thing to do.

**Mr. Eakins:** It is not a special debate, though. We are doing the estimates of the whole ministry.



**Mr. Makarchuk:** The people in Brant county will be interested to know that the Liberals do not want to discuss Massey-Ferguson.

**Mr. Hall:** You said enough the other night.

**Mr. Cooke:** Mr. Nixon spoke the other night and he spoke tonight too.

**Mr. Chairman:** You had an hour and we went 15 minutes over the other day. Now you have had almost an hour again. There is an hour and a half left tonight in these estimates and two and a half hours tomorrow. It is up to you to do whatever you want, but, on the other hand, if you don't get time to go through the estimates, don't blame me for it.

**Mr. Di Santo:** Be tough, Mr. Chairman.

**Mr. Makarchuk:** I will limit myself to five minutes.

**Mr. Chairman:** All right, five minutes.

**Mr. Makarchuk:** I want to ask the minister if he will get some type of enforceable written agreement from Massey-Ferguson to ensure that future investment, either in the diesel plant or in the axle and transmission plant, will take place in Canada?

**Hon. Mr. Grossman:** We will get the firmest commitments that we can negotiate.

May I ask you the name of the person at Massey-Ferguson who told you we had not been aggressively pursuing this?

**Mr. Makarchuk:** I think it was the vice-president, Brian Long.

**Mr. Nixon:** How do you spell that name?

**Mr. Makarchuk:** Getting back to that point, just exactly what does that mean, Mr. Minister? What assurance do you have? The fact is you do not really have any kind of control over the company whatsoever. If the shareholders want to move, or the board of directors decides to build a plant some place, there is really nothing you can legally do to stop them outside of passing special legislation in this House. Before we have the horse and barn being stolen, can you tell this committee what agreements you have that are binding on the company to ensure that future investment does take place in Ontario?

**Hon. Mr. Grossman:** We have no deal yet. I cannot have any commitments yet, can I?

**Mr. Makarchuk:** When you are going into the deal, do we have a commitment from you that you will ensure you have that kind of binding commitment on the corporation so we will have that investment?

9 p.m.

**Hon. Mr. Grossman:** You have been sitting through many days of these discussions.

**Mr. Makarchuk:** I realize that. Let us deal with the question I am asking you. Are you going to have a commitment?

**Hon. Mr. Grossman:** The various items we are trying to obtain are under discussion.

**Mr. Makarchuk:** If you had any backbone, you would have taken over that company, which was available to you, and where the company executives said you could have written your own ticket. Once you had control, you could have ensured that investment would have occurred in Ontario because you were putting your money into it.

**Hon. Mr. Grossman:** What would you have paid to take over the company?

**Mr. Makarchuk:** I would have been prepared to put in that \$200 million in one way or another.

**Hon. Mr. Grossman:** Would you be prepared to put in \$700 million?

**Mr. Makarchuk:** We would not have to do it.

**Hon. Mr. Grossman:** I want to know how far you are prepared to go to acquire ownership.

**Mr. Makarchuk:** According to Massey officials, it was quite possible with the \$200 million package not only to resurrect the company and put it on a sound financial basis but also to have control of the corporation. Now you are finding yourself in the position where you are going to tie yourself up. You will still make a commitment and you may have to put out the money and, in return, you do not have any guarantee that future investment or future jobs will be right here in Ontario.

**Hon. Mr. Grossman:** Mr. Makarchuk, do you believe that company could have been purchased for \$200 million?

**Mr. Makarchuk:** No, it could have been purchased for \$63 million, but you would have to put up \$600 million the next day.

**Hon. Mr. Grossman:** Are you prepared to have the government do that? Are you suggesting the government should put up \$623 million?

**Mr. Makarchuk:** No, I am suggesting what was pointed out to us was a package of \$200 million plus the banks who are in up to their necks to the tune of \$400 million. They will do a pretty quick dance to preserve that \$400 million, which was all secured, of course. Among the various other agencies the package could have been put together. This was not our statement. This statement came from Massey.

Hon. Mr. Grossman: You started this latest harangue by suggesting we should have gone in and bought the company. I just want to know how much money you would be willing for us to pay for it.

Mr. Makarchuk: I am starting the latest harangue and we have two and a half minutes left.

Hon. Mr. Grossman: You are trying to avoid being specific.

Mr. Makarchuk: The latest harangue is on the basis that you have no commitment at this time that the engine or transmission plants will be located in Ontario.

Hon. Mr. Grossman: I have no commitment but they have no money from us either.

Mr. Makarchuk: All right. Then are you going to state categorically here that when they get the money from you, you will have a binding agreement that those plants, when and if they are built, will be built in Ontario?

Hon. Mr. Grossman: I am not going to add and cannot add anything to what I have said 15 times in the last few days.

Mr. Makarchuk: Okay, Mr. Chairman.

On vote 2301, ministry administration program:

Mr. Chairman: Does item 1 carry?

Mr. J. Johnson: Carried.

Mr. Nixon: Hey, hey.

Mr. Cooke: I think we are obviously going to have a discussion on various items and forget the votes. We have only a few hours left.

Hon. Mr. Grossman: Why don't you let the chairman run the committee?

Mr. Cooke: I was only making a suggestion.

Items 1 to 4, inclusive, agreed to.

On item 5, information services:

Mr. Nixon: How much of that vote is for the advertising campaign we hear of from time to time, Mr. Minister—the one where your name appears above Bill Davis?

Hon. Mr. Grossman: I am not sure. Which one are you talking about, quite seriously?

Mr. Nixon: Let us take them as a package.

Hon. Mr. Grossman: In our laws we have to figure out which ones. The Shop Canadian ads are in the industry vote. The tourism ads have already been passed.

Mr. Nixon: All right, in general terms can I ask the minister if he and his staff reviewed the famous Robert Macauley advertising program, which was probably the definitive ministerial intrusion for the use of public funds into this kind of campaign? I think he even used the same phrases—"Where quality and price compare, buy Ontario." They had to amend that and go around and change all the billboards to "Buy Canada."

Hon. Mr. Grossman: We didn't make that mistake.

Mr. Hall: Going back for a moment to the organization chart, I notice at the present time there is a vacancy. While I haven't compared the estimates with a year ago, I had the feeling there is a frequent change of personnel in the different offices in your ministry. This disturbs me because I have to wonder why it occurs. It must be either for a good reason or a bad reason. It presents a problem, it seems to me, for anybody to get a full grasp of what his job is and to get experience.

Is this unsettling circumstance frequent or is it going to continue, or what? A year ago, just around the time of the estimates, Mr. Laschinger was assigned the responsibility. Now he is away from that and off on something else. In the meantime I don't believe anyone is filling his important shoes.

Hon. Mr. Grossman: Mr. Laschinger is still filling some of his old shoes as well as new shoes.

Mr. Hall: I get the impression he feels he is swamped.

Hon. Mr. Grossman: No, never. We had a competition for the vacancy that came open, which was in a very important division with the trade development branch. Mr. Laschinger applied and won that competition. It did give us some concern because in my view he had done an excellent job in the small business area, which obviously was part of the reason he was successful in the trade development competition.

Mr. Hall: If I may interrupt for a moment, it suggests that the small business area is not that highly rated and that it is just a stepping stone to move up into higher things. I hope that is not the case but that is what I take out of such a short appointment.

Hon. Mr. Grossman: I think certain people have a lot of creative talent and are particularly good at reorganization and get-

ting new programs designed and off the ground. That happens to be a particular talent of Mr. Laschinger's. I felt that was what was needed in the small business development branch a year and a half ago. He went in and did precisely what was required at the time. In my view, it would have been a waste of his talent to have kept him there, rather than moving him into another area which equally required some reassessment and some new programs.

The kind of person we are looking for in small business now is very much one who is good at administering and executing those programs and making sure at the staff level of the delivery of those programs which Mr. Laschinger devised and developed.

So the question is really the deployment of the particular and peculiar talent of Mr. Laschinger within the ministry to where it will most benefit the ministry and the people of Ontario. He has just sent me a note that he wants a raise. It is really quite a sensible move. I am confident, in view of the calibre of people who have applied for the small business development job, we will succeed in replacing him with someone pretty good in that area. So it was really very much an advantage for us to have had him in the ministry. He is very familiar with the programs.

9:10 p.m.

One of the things we tried to do is bring the ministry together so that people like Blair Tulley in the development corporations and Bill Stadelman at the Ontario Research Foundation work together at the policy committee level and on a lot of policy development matters so that they are familiar with what is happening in the other areas of the ministry.

**Mr. Hall:** How much do you rate experience on the job for a period of time? If everybody is whizzing around all the time forever, there is not going to be much of a depth of feeling for the subject, it seems to me. I have a problem with that.

**Hon. Mr. Grossman:** I guess I can only point to the results of our efforts, and I do so with some pride. I think the small business development branch has had a quite marked success and has achieved much. I can't add much to what I said before. I think the delivery and execution of these programs is what is now required. I might say Mr. Laschinger did a particularly good job with the people reporting to him in

that branch, so that they are now well-equipped to make sure that continuity continues.

One of the things that is a real challenge in government is to move your key and most talented players around so you are maximizing their skills. I must say I am proud of how we succeed in doing that in this ministry.

**Mr. Hall:** Talking of moving around, of the nine jobs under Mr. L. R. Wilson—

**Hon. Mr. Grossman:** All new in the two years Mr. Wilson and I have been in this job.

**Mr. Hall:** What about in the last year?

**Hon. Mr. Grossman:** In the last year the Ontario International Corporation is a new entity.

**Mr. Hall:** What happened to the guys two years ago? Are they all red-circled now?

**Hon. Mr. Grossman:** David Girvin has taken over as executive director of the industry operations branch.

**Mr. Hall:** I am just looking at page 1-1 in the 1980-81 estimates briefing book.

**Hon. Mr. Grossman:** Which one do you want? Pick one.

**Mr. Hall:** I don't see Girvin's name on page 1-1, the organization chart. That is what I was looking at.

**Hon. Mr. Grossman:** Do you see where Duncan Allan is? It is not always easy.

**Mr. Hall:** We are not even looking at the same page.

**Hon. Mr. Grossman:** Show me the page you are looking at.

**Mr. Hall:** I am looking at page 1-1, vote 2301. I am not looking at your massive chart.

**Hon. Mr. Grossman:** Give me a name. You are looking at page 1-1, vote 2301?

**Mr. Hall:** Yes. Without getting specific, have there been wholesale changes in the last year?

**Hon. Mr. Grossman:** Read me the names so we know we are on the same page.

**Mr. Hall:** Jacobsen, Bronskill, Marshall, Shoreman, Benedict, Rooke, McDonald and Chapman.

**Hon. Mr. Grossman:** Jacobsen is new, Bronskill is new, Benedict is new and the position of director of the operational review branch has been filled. Those are the changes.

**Mr. Hall:** What happens to these other people? Do they go to the Ministry of Government Services?

**Hon. Mr. Grossman:** They go to your research office. It is an exchange program—you are in luck, you are in line.



**Mr. Hall:** Seriously, are they red-circled?

**Hon. Mr. Grossman:** No, they are not. Mr. McDonald, as you will see at the bottom of that chart, moved over to become executive co-ordinator of advertising and promotion services. He was formerly executive director of the communications division. We decided splitting off those functions was more efficient, so he took part of those responsibilities. Pat Jacobsen, sitting next to Mr. Wilson, came in to fill that job. Director of media relations branch is a new position we created.

**Mr. Makarchuk:** It is the one you are expanding, is it a job creation program?

**Hon. Mr. Grossman:** The executive director of administration, Mr. Ritchie, whom some of you will know from public accounts, decided that he wanted another assignment. He is now in our new office in Dallas. There was a competition for the Dallas responsibilities and he wanted to go there. So that opening came up and Mr. Bronskill came over from management board so we would better understand how to beat that system.

**Mr. Laughren:** Who else went over to Texas?

**Hon. Mr. Grossman:** Oh, about everyone else you see on the chart. That's just a joke. You don't really want to know the answer.

**Mr. Laughren:** No, I really don't.

**Hon. Mr. Grossman:** I would be happy to tell you if you wish.

**Mr. Laughren:** I don't know why you wanted them, but nevertheless.

**Hon. Mr. Grossman:** Because they are some of the finest civil servants in the government, and you agree with that.

**Mr. Laughren:** Oh, yes, and they are here tonight so you can entertain them.

**Hon. Mr. Grossman:** We are trying to entertain you.

**Mr. Laughren:** That's why we're here, to watch you entertain them.

Item 5 agreed to.

Item 6 agreed to.

Vote 2301 agreed to.

On vote 2302, policy and priorities program; item 1, program administration:

**Mr. Laughren:** I would like to make a few comments on this vote. I have Rodney Grey's proxy as well.

**Hon. Mr. Grossman:** You have who?

**Mr. Laughren:** Rodney Grey's proxy in my remarks. I am putting a question on the Order Paper about Mr. Grey, by the way.

**Hon. Mr. Grossman:** Are you?

**Mr. Laughren:** Yes. He fascinates me.

**Hon. Mr. Grossman:** He is a fascinating man.

**Mr. Laughren:** Yes, he is. His whereabouts in particular fascinate me.

**Hon. Mr. Grossman:** He doesn't find you particularly fascinating.

**Mr. Laughren:** No, I know. I don't expect him to.

The vote we are on deals with the priorities of the ministry, if I read it correctly. It puzzles me why this ministry does not give a higher priority to—we have talked about this before, and I will be very specific; I want to talk about a specific company later too—the whole question of mining machinery in Ontario.

I won't go through a lot of statistics. I think the minister knows this is a continuing concern. We are number three in the world in the production of minerals and we are number one in the world as an importer of mining machinery. That seems to me to be a rather strange anomaly which should not be tolerated in Ontario. I believe the ministry's efforts have not been adequate in view of the enormity of the problem.

I come across two definitions of mining machinery when I try to read the statistics. One is a very narrow definition that deals strictly with underground mining machinery.

The other is a much broader StatsCan definition that includes all the open pit stuff, the oil and gas drilling equipment. Some of it would be construction machinery, and I guess it is pretty hard to draw the line in some of those areas.

I understand that. But looking at the narrow definition of mining machinery in Ontario—these are StatsCan figures, not my own—we import 73 per cent of our mining machinery. If we use the broader definition that StatsCan likes to use, in 1979 we had a billion-dollar deficit for mining machinery in this country—not in Ontario, in this country—and that is based on imports of \$1.3 billion according to StatsCan. That figure, by the way, has more than doubled in the last three years.

I look ahead at the incredible potential for mining machinery, particularly in terms of the broader definition of mining machinery, with the open pit projects that are almost sure to be there out west, in coal and in tar sands and so forth. I cannot help but wonder why we are allowing the status quo to continue.

Often the argument is used, "We can't really develop our own sector in this particular industry because we don't have an

adequate domestic market." That is one of the minister's excuses for his global product mandate. But here in minerals that cannot be used as an excuse. We look at the incredible domestic market we have got. We look at what Finland and Sweden have done, for example, or the United States has done as well—they have a surplus in mining machinery—and we look at this government's response.

9:20 p.m.

Obviously, because of the imports, it hasn't even convinced the foreign investor to move in and pick up mining machinery in this country. I am not suggesting he do it; I am just saying that despite all his efforts he hasn't succeeded in doing that either, and he hasn't succeeded in replacing the imports that are there.

It is almost a year ago now that the ministry sponsored an opportunities show in Sudbury for mining machinery. I believe they showed about \$40 million worth of mining machinery, if my memory serves me correctly, but that is not even 10 per cent of the market. It was a beginning, but it wasn't an adequate showing.

What I have always felt when it comes to mining machinery is why we are not singularly aggressive in this area. I don't know where the risk is. There are incredible opportunities for growth in this area. We are not hamstrung by branch plants refusing to export; there are no branch plants. I am exaggerating slightly, but we don't have a strong presence in the mining machinery industry here.

We should be expanding our research and development facilities in mining machinery, just as we should expand the development of mining as a whole. We should be establishing a nickel institute, at Laurentian University in Sudbury preferably, where we would have a natural laboratory right on the doorstep. This would appeal to the minister, I think. We should have an agency that establishes links among the resource industries, the machinery manufacturers and the parts manufacturers in the province, to try to solve this problem and also to tie in the international marketing network for it. It is not one that would be difficult to do, in my view. The minister worries about risking public money, but that is an area where there would be a great deal of public support.

In 1971—I could be out by one year—there was a company in North Bay called Jarvis Clark, started by two Canadians, both professional engineers and entrepreneurs. They started to build the company up,

and then CIL bought it. CIL bought first 75 per cent and then the remainder; they now own it 100 per cent. The sales now will be flirting with \$100 million, and there is almost unlimited potential. They are now moving into export markets—about a third of their sales now are export markets. That is the kind of operation we should be encouraging.

A funny thing happened. It is a profitable company located in North Bay and right now it is expanding. Guess where they are going to expand. They are going to expand in southern Ontario. They have about 500 employees in North Bay and 100 in Sudbury, and they have decided they are going to expand in southern Ontario.

I spent yesterday there, trying to talk to the people at Jarvis Clark, saying, "Why don't you expand in northern Ontario? There are markets up here. You can ship from here west, or elsewhere in Ontario, or the east, as well as you can from Toronto." But I don't think I convinced them they should do it my way.

They applied to the Department of Regional Economic Expansion for some assistance. They thought, "It would be nice to have some government money to help us stay here in the north." Let me say at the outset I am not trying to get DREE money for them; I don't think they need it. But they informed DREE they had offers of financial assistance from Mexico and from South Africa; South Africa and Mexico were offering them money to move there. They said to DREE, "Look what we are being offered to go somewhere else." Then DREE is in the situation of saying, "What do we do? Do we say to them, 'Go to Mexico, go to South Africa; we don't care?'" That is what they, in fact, told them. They said, "We are not going to give you any money." Here is the company now operating in Ontario having to make a decision about whether to stay in Ontario or to go to South Africa or Mexico.

When I look at these grants you are giving the private sector—I am sure that other jurisdictions are feeling the same way—I feel you are into a job war and nobody is going to win except the companies that are getting the grants. You could say, if you want, that the community and the workers are winning, but you have to buy those and it is going to happen increasingly in the years to come. We are in these job wars and I think that is a good example of it.

Then I started thinking too that Jarvis Clark is sitting there. They know of no pro-

gram by the federal or provincial government that provides a direction. Nobody ever talks to Jarvis Clark about the need to have a mining machinery industry in this country or this province that is second to none. Nobody ever says, "Look, be part of our provincial or national strategy to build our own mining machinery here, to export it and to replace all those imports."

They operate in isolation and all they are after is increasing sales and their share of the market. I understand that. That is the nature of the beast. How can anyone expect them to operate differently when nobody is putting together a set of national or provincial goals, to tell them or indicate to them, "Let's work together on this. There is a better way of doing this. Let's replace those imports. Let's make Canada a world leader in the development of mining machinery and let's use it as a regional development tool."

Do we really want Jarvis Clark to move out of northern Ontario? Do we really want them to move out of Canada? I do not think we do, but I would ask the minister how he expects Jarvis Clark to behave any differently? They have nothing to plug into that says there is something more important here than just growth and share of market anywhere in the world. I think it is a terrible situation in which the governments have been negligent in failing to provide any kind of platform on which these companies can jump.

Are we all talking about the same thing or am I interrupting some kind of high-level conference?

**Hon. Mr. Grossman:** We are. The reason Blair Tully, executive director of the Ontario Development Corporations, and my deputy minister, Doug Allan, were talking to me is because each of them and their staffs have had extensive discussions with Jarvis Clark. Contrary to the picture you paint, we are in constant discussion with them and, in fact, we made it clear to them financial assistance would be available to them in the event they chose to expand in North Bay.

**Mr. Laughren:** Did you tell them?

**Hon. Mr. Grossman:** That ODC assistance was available for North Bay expansion—Northern Ontario Development Corporation, I guess. We are informed that Jarvis Clark chose to continue to look in southern Ontario because they foresee major growth in export markets and, therefore, their transportation links are in southern Ontario.

**Mr. Laughren:** That is their argument.

**Hon. Mr. Grossman:** I can only report to you their argument and I can also report to you that our dialogue with them is fairly regular and constant and has been to the extent of offering financial assistance. If you are suggesting that we should force them to stay in northern Ontario, I am not sure what—

**Mr. Laughren:** There you go again. That is what is grossly unfair about what you do. I did not even hint that is what anybody should do. You do not have to stoop to those kinds of arguments to keep up.

**Hon. Mr. Grossman:** Mr. Laughren, in fairness, you are asking questions which leave implications out there. Let me finish. You say, "There is no discussion, no direction brought by this government on companies to expand—in this case in northern Ontario—and they are left out there, ignored, in a vacuum to make the decisions." Now I have pointed out—

**Mr. Laughren:** You made your point.

9:30 p.m.

**Hon. Mr. Grossman:** If you are satisfied with that point, say so, otherwise—

**Mr. Laughren:** You made the point that you had agreed to give them financing to expand in northern Ontario. Why did you need to go on and say, "If you are suggesting that they be forced to stay in North Bay..."

**Hon. Mr. Grossman:** Simply because I have sat here through a great lengthy diatribe from your members.

**Mr. Laughren:** You provoke it.

**Hon. Mr. Grossman:** With respect, my opening remarks were not critical of your party, nor did they even refer to your party and, therefore, could not have been called provocative.

**Mr. Laughren:** That kind of statement about forcing them to stay there is provocative.

**Hon. Mr. Grossman:** In view of the things you have said about the kinds of actions the governments should take, it is quite fair for me to put that question to you. If you want to say "no" just say, "No, I don't advocate them to stay in North Bay."

**Mr. Laughren:** It goes without saying.

**Hon. Mr. Grossman:** If you look at some of the questions your colleagues have been asking me about many things—

**Mr. Laughren:** Perhaps I can pursue—

**Hon. Mr. Grossman:** In any case, let me deal with the essence of your question. I think we have dealt with the Jarvis Clark



thing and we have told you that we are in constant contact with them. Let me try to respond here for a second. You referred to the whole business of grants. We have made it clear, quite frankly, that you are quite right. Ultimately, the only winners in that game are the companies that are taking the grants.

We have had extensive discussions. I was in Washington, for what it is worth, to talk with people. I attended a conference with 26 state legislators from the United States. Twenty-five of them said they wish they were out of the game; the twenty-sixth said he was damned if he was going to get out of the game because they just succeeded in luring a firm from Massachusetts, I think it was. The other 25 then said, "Well, we are going to stay in the game because we are not going to let that happen."

They all acknowledged the point that I made, which was that the most effective lure they have is not the grants—which are out there and available—but some of the other things. For example, the revenue bond financing, which is financed out of the federal taxation system in the United States, gives firms, at a time like this, six per cent or seven per cent money to build their factories. That is heavy competition for Canadians to face. That is just one example. You know all the other examples such as free plants, building, and waiving realty taxes for 10 or 15 years now.

All I can say is that in terms of what is going on internationally, Canada has only gone into one of those programs—which is a direct grant program—and in that sense it is costing our taxpayers a heck of a lot less, I would argue, than some of the American jurisdictions that are giving away some things that are very important, such as realty tax. I think some of the American jurisdictions will be stepping back to wonder if at the end of the 10 years they have really done anything for their constituents. We would be absolutely—

**Mr. Hall:** Have you proceeded to recommend to the Treasurer (Mr. F. S. Miller) tax incentives in lieu of grants? I appreciate your point about the state bonds, but nevertheless, you may say you are not giving as much money as the loss of income tax they are suffering but you must wonder about the public perception of handing out this money.

**Mr. Laughren:** Can we finish the discussion on the mining machinery before we move on—

**Mr. Hall:** I am trying to work along with you, Mr. Laughren, because if there is an

industry, such as mining machinery, that we perceive as being worthwhile to zero in on, it seems to me the minister is saying the problem is this competition because of things like state bonds. What moves is he making or recommending of a tax incentive nature?

**Hon. Mr. Grossman:** I think we can deal with that rather quickly. The Treasurer and I have had a lot of discussions about it. We are fairly comfortable at the present time with the degree of investment we are getting and the number of firms we are keeping. We are not seeing a massive move of Ontario firms to, for example, the right-to-work-states in the US, which are offering all sorts of incentives.

**Mr. Hall:** As Mr. Laughren says, the track record of the mining industry is not very encouraging.

**Hon. Mr. Grossman:** I want to point out that at the present time with the efforts we have put on here, with the kind of funding and support we do provide our domestic industries, we are fairly comfortable. We are more than holding our own with the present program. We are getting our fair share of new investment and we don't have to get into what are indirectly, no matter how you structure it, just more government payments to these firms. I wouldn't advocate an expansion of the current program by way of giving more grant money.

I have with me—I may have shown this the other night—a list by states of various incentives the United States use. The heading on that page is "Tax Incentives for Industry." Look at them all—and there are some you haven't even dreamed about—they go on for four pages. Those are the things that the American states are doing. We, essentially, have very basic, simple and straightforward tools. In spite of that, Ontario has obviously remained an attractive enough place to invest in and stay, so we haven't had to get into that. I wouldn't advocate getting into that wholesale kind of game where you end up giving away realty tax and property tax and having even more generous tax incentives. My assessment as Minister of Industry and Tourism is that we don't need them.

In regard to the mining industry, I am not here to suggest the history you have recited is not accurate. Your history is basically accurate. I can only take the position as I find it and try to do what we can to build up the mining industry in this province. The remarks you refer to are a result of a valid suggestion you made a year or so ago—I didn't happen to agree with it—that the government should

get in and buy up and start its own company. I think that was the general tax thing you suggested. I answered that in some cases it was the economic factors. Really I am agreeing very much with what you say. We have got a fair amount of work going on with Treasury and ourselves in this regard.

The show in Sudbury was modest, \$40 million or \$50 million. We did accomplish a fair amount there. We have some other things happening. The Treasurer and I recently met, as I mentioned in the House, with the machinery and equipment association to sit down and discuss with them the approaches we might take to try to maximize the opportunities. I have to say with little restraint there is hardly a minister in Canada or a ministry in Canada that has been more actively pursuing the opportunities the tar sands and other mining projects present than this minister and this ministry.

We have been out there. We have walked the tar sands. We have spoken to the people. And to the purchasing agents. We have analysed it a lot of ways. We have met with the senior civil servants. I have met with my counterparts. We are determined to get our share of the market out there which does present a significant new opportunity for us.

**Mr. Laughren:** How long have you been minister?

**Hon. Mr. Grossman:** Two years and three days.

**Mr. Laughren:** In two years, the imports have doubled. I don't think it is all Ontario's fault.

**Hon. Mr. Grossman:** I don't think you had better do that.

**Mr. Laughren:** No, I am not saying that.

**Hon. Mr. Grossman:** Or else I'll have to get excited the way you do.

**Mr. Laughren:** What I am saying is that during those two years the imports have grown dramatically.

**Hon. Mr. Grossman:** So have the exports.

**Mr. Laughren:** I don't see anything to say they are not going to continue to grow. I don't see what you are doing that will turn this around and start replacing those imports. I do see, as long as you keep up with this global product mandating trip you are on, that you are not going to replace imports. It is not fair and I don't see what you are doing. You agree it is a serious problem. You agree there are enormous opportunities out there. You agree it is getting worse, but you won't do anything about it except dabble on the surface and sponsor a trade show. I said to you a year ago you have got an enormous

gap out there in the industrial part of Ontario.

I don't expect the minister and this government to move in in a massive way in all parts of the economy with the public sector. I know you too well and I know the government too well. It is not the way you work. But I do think, even though your ideology is different from mine, you have an obligation to act when you see an incredible gap out there that is costing what we think—tell me I am wrong—is 10,000 jobs in Ontario.

There is massive potential for doing good things for the balance of payments and for helping regional development in the province. When you see that kind of problem, despite your ideology, you have an obligation to move in there in an aggressive way and do something about it. I don't think that is being unfair. I don't think it is asking you to do more than your mandate calls upon you to do. I don't think it is asking you to abandon any kind of principle. I think you have an obligation to do that in a concrete and aggressive way—not the way you are doing it, because you are not dealing with the problem that way.

9:40 p.m.

**Hon. Mr. Grossman:** I don't think it is fair for you to cast all of our activities in those terms.

**Mr. Laughren:** I am talking about mining machinery.

**Hon. Mr. Grossman:** To suggest that all we are doing is having a show in Sudbury is really with respect—

**Mr. Laughren:** Fine, you are doing other things, but you are not solving the problem.

**Hon. Mr. Grossman:** It is easy to say solve the problem.

**Mr. Laughren:** I have given you examples of what you should do. You won't do them.

**Hon. Mr. Grossman:** We are listening to what you are saying.

**Mr. Laughren:** It is hard to tell.

**Hon. Mr. Grossman:** I want to make it clear to you that no part of my ideology or political roots are restraining me from doing whatever is necessary to make—

**Mr. Laughren:** You sound like a Liberal.

**Hon. Mr. Grossman:** —the mining machinery industry improve in this province. We will do anything that is reasonable and practical, and we haven't ruled out any alternatives. We are doing what is necessary. I would suggest, although it is not visible. When we do take steps to make it visible.

of course, you object that we are trying to promote and be flashy and so on.

**Mr. Laughren:** When did you do something flashy to replace imports in Ontario and build a mining machinery industry here?

**Hon. Mr. Grossman:** I don't want to get involved in what is flashy, but let me tell you a few things we are doing. We have met with the industry. I presume you would think that was important.

**Mr. Laughren:** Absolutely.

**Hon. Mr. Laughren:** We had a good meeting with the industry. They didn't come in as an industry saying, "Throw a bunch of money at us." They came in having the benefit of a policy paper that they worked on and some advance discussion with our staff and Treasury staff so that we would all be coming from the same direction on it. We had a good, long and constructive meeting.

Second, we are working hard as a ministry to catalogue and identify with and for the industry literally all of the opportunities in this field so that we will have a firm grip on the potential market. That will then allow some decisions to be made.

Third, our domestic marketing branch has been participating with the organizers of the Vancouver show which is going on in this area. I do expect Ontario manufacturers participating in that show in Vancouver to get new access to the western developments that are going on.

I would remind you, although I know you get irritated when I talk about what we are doing in terms of export, export markets are important.

**Mr. Laughren:** They are important too.

**Hon. Mr. Grossman:** Yes. Exports are important. As an example, Algoma is expanding to provide pipe. In order to make the expansion viable for Algoma to spend \$300 million in Sault Ste. Marie, it needs more than the domestic market. About half of the market it will require to justify a \$300 million expansion is in the United States.

We do have to make some efforts in the export market this year alone in order to help the mining machinery develop in this province. We have had a lot of mining missions to support the industry. In January we were in three South American countries; in April we were in another three; in May we were in China; and next week there is another one going to South America at the specific request of the Canadian embassies in South America.

**Mr. Laughren:** Huge potential!

**Hon. Mr. Grossman:** The potential is there.

**Mr. Laughren:** The capacity isn't here to meet the demand.

**Hon. Mr. Grossman:** That's right. We can't argue with that.

**Mr. Laughren:** That is the point, isn't it. You can go on all these trade missions. You could walk in tomorrow and give Jarvis Clark a billion dollar order, and they would look at you. They couldn't do it; they couldn't handle it. They don't have the capacity.

**Hon. Mr. Grossman:** I have also made it clear that through ODC we are willing to provide financial assistance to move Jarvis Clark to have that capacity.

The major thing you are talking about is making sure we get maximum benefit out of the Canadian market, and we are working both ends of that. No government in this country is participating in as many initiatives as we are to make sure we get our share of the activity in the projects that are going on. At the back end of that we are providing the financial assistance to enable our firms to have the capacity to meet those projects. Those things don't happen overnight, as you know, and I welcome suggestions.

**Mr. Laughren:** I am not talking overnight figures either.

**Hon. Mr. Grossman:** Quite seriously and nonprovocatively and in a constructive spirit, I say give us some ideas of where you think we should be doing more or could be doing more.

**Mr. Laughren:** That is my point. I have given you three or four. I think you should not be afraid of joint ventures. I think you should not be afraid of going the crown corporation route. I think you should not be afraid of establishing a research and development centre for both mining machinery and resources development at a place like Laurentian. I say that not to be parochial, but because it is a natural location. As a matter of fact, Laurentian is not even in my riding. You should also set up an agency to draw together the machinery manufacturing, the parts people and the resource industries themselves with the export potential.

What I hope you understand is that I use mining machinery because it is such an obvious example and it ties in so beautifully as a linkage with the resource industry. I could use others too. Electrical products is another beautiful example. We have massive hydro-electrical projects. We use enormous electrical products in this country, and



we are not there either. I could talk about machinery in general, and we are not there. I could talk about auto parts and all these high technology areas. I am sure you read Mr. Light's speech a little while ago on high technology and some of the potential for the future and how this country simply has to get there.

When the Clark government was in power last year, it announced it was going to move research and development in Canada—correct me if I am wrong—from one per cent to 2.5 per cent of GNP. The people in the Ministry of State for Science and Technology shuddered. They knew it was totally impossible to move from one per cent to 2.5 per cent of the GNP like that. We are now at about 0.9 and the goal is to move to 1.5.

**Hon. Mr. Grossman:** If the GNP was reduced dramatically, they may.

**Mr. Laughren:** Yes, but we don't even have the vehicles to get there. There has to be a massive infusion of commitment on the part of government to make sure we move there. I see that in a very high technology area, but in something like mining machinery and other machinery sectors there is a real potential as well.

You say you know it and you say you are listening. You say, "Give me some specific suggestions," but you really won't go in there and fill the gap. You will encourage what is there already, but you won't fill a vacuum. That is where we are different.

**Hon. Mr. Grossman:** I can give you an example of where we have done that.

**Mr. Laughren:** In mining machinery?

**Hon. Mr. Grossman:** No.

**Mr. Laughren:** I am talking about mining machinery.

**Hon. Mr. Grossman:** I will get to mining machinery. You referred to the auto parts industry. We are putting in an auto parts technical centre at the Ontario Research Foundation.

9:50 p.m.

**Mr. Laughren:** I know what our deficit is too.

**Hon. Mr. Grossman:** We are doing it. My point is that we won't hesitate.

**Mr. Laughren:** You have \$10 million in R and D. What are you doing with auto parts?

**Hon. Mr. Grossman:** There is the auto parts technical centre at ORF. That is what we are doing with auto parts. You say we are reluctant to get in there and do the

R and D. I say to you specifically that at ORF we are putting in an auto parts technical centre. We have an industry that needs R and D and that hasn't, to generalize for a moment, done enough R and D. Small firms have not had the money, whatever the reasons are.

**Mr. Laughren:** You know why.

**Hon. Mr. Grossman:** The auto pact? You can cite whatever reasons you want. The fact is I am accepting the reality and saying I have to intervene. We have to spend taxpayers' money on it and we are doing it. I just said there is no reluctance to do that.

In mining machinery, you suggest a crown corporation.

**Mr. Laughren:** I can give you another alternative.

**Hon. Mr. Grossman:** I just want you to know how we think through the issues. Obviously, one of the things we have to consider is whether the money is better spent on things such as providing R and D facilities, be it through direct grants and building of facilities at Laurentian or through a tax system which encourages those firms to do more research and development, which is basically a federal tool. Where is that money better spent? Is the money better spent in a crown corporation which will compete against some firms?

**Mr. Laughren:** They aren't meeting the demand.

**Hon. Mr. Grossman:** Would our money be better spent in better equipping those people to have the capacity to meet the market?

**Mr. Laughren:** They have had 75 years to do it.

**Hon. Mr. Grossman:** It is the old Canadian problem. Are we going to further fragment or should we try to shore up?

**Mr. Laughren:** Don't talk about fragmenting the mining machinery in your domestic market. That is ludicrous.

**Hon. Mr. Grossman:** You would agree that when the government comes in and sets up a crown corporation, you are further fragmenting.

**Mr. Laughren:** No, absolutely not. When you have a billion dollars worth of imports in mining machinery, you can do a hell of a lot of fragmenting before it is even noticed in Canadian protection and the capacity of the Canadian mining machinery companies. You couldn't possibly meet the demand.

**Mr. Hall:** Mr. Chairman, on a point of order: With due respect, Mr. Laughren, I enjoy your dialogue, but you have been going at it for about three quarters of an hour.

You started to be specific on the mining industry which was fine, but you are ranging all over the block. I would like to participate a little more because time has gone on. I don't want to cut you off if you have a wind-up here, but I would appreciate an opportunity. Is there a clock on this side of the room? That is too damn bad. I wish there was a clock over here as well because maybe you would be more aware of it.

**Mr. Laughren:** I have a 35-minute windup and then I will be finished.

**Hon. Mr. Grossman:** We could debate the crown corporation. My point is we are willing to spend the money on the industry, but I want to spend it in the most cost-effective way possible.

**Mr. Laughren:** If you are worried about fragmenting the market, for heaven's sake, when there is a billion dollars worth of imports here, what are you fragmenting? You are fragmenting imports.

**Hon. Mr. Grossman:** There is no point in our taking up the rest of the time debating the crown corporation because you said yourself that was just one of many options.

**Mr. Laughren:** You are not doing any of them.

**Hon. Mr. Grossman:** I simply dispute that.

**Mr. Laughren:** It just keeps growing.

**Hon. Mr. Grossman:** So do our exports.

**Mr. Laughren:** The deficit keeps growing.

**Hon. Mr. Grossman:** I say to you very simply we are selling more than ever before. Our exports are growing. We are trying to get better access in Canada to our projects. We are trying to catalogue them better. We are providing financial assistance and we are working with the companies literally on a day-to-day basis to try to make happen what you are talking about.

Our discussion with the industry association a couple of weeks ago dealt with R and D as one of the problems and we canvassed some solutions.

**Mr. Makarchuk:** I think your problems, if I may, with R and D are the board of directors you have on the Ontario Research Foundation.

Why don't you, as was pointed out when we asked you a few years back, put some small businessmen on that board and some new direction for it? You have a whole group of rather large corporate people involved with foreign-owned corporations. You do not have the kind of directors or direction there that is required to give R and D assistance to Ontario industries.

**Hon. Mr. Grossman:** You just haven't looked at the appointments we have made. We have put on Canadian small business people.

**Mr. Makarchuk:** Grant Turner from Fleck is looking for a job.

**Hon. Mr. Grossman:** I don't know who Grant Turner is. If you look at our recent appointments, we have Don Green of Tridon Limited. We have Helmut Hofmann of Magna International Inc. We have Sinclair of Sinclair Radio Laboratories Limited. We have Posluns from Dylex Limited.

**Mr. Makarchuk:** You have Dewar from Union Carbide Canada Limited. You have Flanagan from Imperial Oil Limited. You have Healey from TRW, which is a holding for Polar Gas and Kerr from TransCanada PipeLines Limited.

**Hon. Mr. Grossman:** If you want to read them all out, that is fine.

**Mr. Makarchuk:** Lumbers from Noranda Manufacturing Limited.

**Hon. Mr. Grossman:** You have done an excellent job reading them.

**Mr. Makarchuk:** McLean from Canada Packers Inc. These are all small businesses? Then there are Radford from the Canada Life Assurance Company and Steven from Inco Limited.

**Hon. Mr. Grossman:** I think just because Bob White happens to represent a large union that doesn't make him a lousy Canadian. I think also just because some of these people represent large firms that doesn't make them less effective. So don't attack these people.

**Mr. Chairman:** Mr. Wildman has the floor.

**Mr. Makarchuk:** My point is that we want people with some sense of small business in there. You haven't got that. We are not arguing whether they are good Canadians or bad Canadians.

**An hon. member:** That has nothing to do with the estimates.

**Hon. Mr. Grossman:** Send us a list of your candidates, people who understand business, and we will put them on ORF.

**Mr. Wildman:** I just had one very short supplementary because I don't want to hold up Mr. Hall.

**Mr. J. Johnson:** Supplementary to what?

**Mr. Wildman:** Supplementary to the question on Jarvis Clark and the mining industry. When you said you offered assistance to Jarvis Clark from NODC, was that offer specific to North Bay or was it northern Ontario or northeastern Ontario?

**Hon. Mr. Grossman:** The NODC financing is available to Jarvis Clark in northern Ontario.

**Mr. Wildman:** I see.

**Hon. Mr. Grossman:** The specific discussion happened to be on North Bay, I believe.

**Mr. Wildman:** The reason I asked that was that they might be able to make a good argument from their point of view regarding transportation to their export market from southern Ontario. But that argument might also be allayed if they were to look at some place like Sault Ste. Marie or another area which is close to a steel industry and also is close to transportation.

**Hon. Mr. Grossman:** So that you will understand exactly, I will ask Mr. Tully to explain the discussions we are having with Jarvis Clark.

**Mr. Tully:** The discussions we had with them related primarily to their interest in expanding and their interest in capitalizing on what they saw as tremendous export markets. We spoke to them in general terms about our interest in their expanding in the north with options for expanding the existing facility in North Bay or in other locales or whatever they saw as being an economic expansion. We spoke about their particular interest in expanding in southern Ontario and in some of the other places they have obviously received some offers of assistance to locate in.

**Mr. Wildman:** There wasn't any specific discussion of the transportation problem in terms of how certain areas of the north might also be in close connection with some of these places where their export markets might be.

**Mr. Tully:** Their interest in terms of transportation was quick access for their technical people to their clients abroad, which gave them a particular interest in being located close to the Toronto International Airport, and also being close to major export harbours or rail links to the east coast.

**Mr. Wildman:** My point is that there are a number of communities in northern Ontario which are only about an hour from Toronto International Airport.

**Mr. Tully:** That point was certainly repeated by ourselves in our discussions with them.

10 p.m.

**Mr. Laughren:** Did they reject your advances?

**Hon. Mr. Grossman:** Don't answer that question.

**Mr. Tully:** At this stage, since they haven't announced an expansion anywhere, I have to think they haven't rejected our advances.

**Mr. Laughren:** I think they have.

**Hon. Mr. Grossman:** They are looking at the engine plant in Windsor at the present time.

**Mr. Hall:** I would like to have some understanding of how seriously the minister views the shortage of apprentices. I know you have to interface with other ministries, but in the final analysis it ends up affecting Ontario industry more than anything else. Certainly there is article after article now and for the past several years decrying the shortage of skilled workers. Federal studies estimate Ontario will have a shortfall of about 35,000 by 1985. On a spinoff effect of a ratio of possibly five to one, you are talking about an awful lot of jobs. I know the factories are blaming the shortage of skilled workers on production losses and lack of real opportunity to take up orders both in Canada and elsewhere right now.

I could go on to quote facts and figures. A recent article in Maclean's magazine—I hope it is not all as bad as this—said, "For Hire; Skilled Machinists", reads the faded sign outside a factory in Cambridge, Ontario. It has been there about 10 years, according to the operator of this company and nobody ever comes." He goes on to say he could easily employ 200 more people. There are many articles and there have been a lot of reports commissioned.

I would like to know specifically what your role is in this and what we can look forward to in terms of better programs that will not depend on, as Walter Pitman describes it, the colonial mentality in hiring skilled trades and machinists, but will get on to a more Canadian approach to it.

**Hon. Mr. Grossman:** The role of the policy and priorities branch of my ministry is to work with the Ontario Manpower Commission, which is a co-ordinating body, to help it analyse and anticipate what the future demand is going to be. You are quite right in saying it is a serious problem. You may have noted my remarks yesterday in Ottawa in speaking to people in the microelectronics industry. We were reporting the results of a survey we had taken among the people in the industry near Ottawa who are anticipating a massive growth in the number of highly trained technical people they are going to need.



The number, as I recall, ranges from about a 130 per cent increase to a 298 per cent increase over the next two years. That is the kind of information we assemble and make available to the manpower commission.

**Mr. Hall:** The manpower commission, other programs you assembled in the past and studies you have made all say there is a policy vacuum in the legislation and administration of apprenticeship programs in Ontario. Study after study is not going to change it. What concrete steps are going to be taken?

For example, I recall about a year ago what really seemed to me to be a very small matter, namely the expansion of needed facilities at Niagara College in Welland and the problem the minister had with adult education in funding such a training centre. There was justification for it from industry and labour down that way. I am not being parochial here; I am just using that as an example to show it is not coming into being. Where do you stand on that?

**Hon. Mr. Grossman:** I have explained the role of our ministry. I am not in charge of the implementation of manpower training.

**Mr. Hall:** Who do you think is?

**Hon. Mr. Grossman:** Everyone knows the manpower commission is co-ordinating it. It is a joint responsibility of the Minister of Labour (Mr. Elgie) and the Minister of Colleges and Universities (Miss Stephenson). There will be some initiatives brought forward this fall, I believe, by both ministers. Some of those initiatives will result from a \$5 million allocation made out of the employment development fund for apprenticeship training.

**Mr. Hall:** Do you not feel that in trying to do a good job as minister and give a base for growth for industry, which is your ticket, you are fighting with one hand tied behind your back when ministry after ministry is not working cohesively? You gave us the stuff in earlier estimates about interfacing here and there with this, that and the other thing. What interface is going to make this apprenticeship thing work?

**Hon. Mr. Grossman:** The whole point of the manpower commission came out of a realization that there were a number of ministers involved in manpower training. That included our ministry. It was agreed we had to have a focal point for the assembling of information and program implementation. As a result of meetings held

basically among myself, the Minister of Colleges and Universities and the Minister of Labour, the manpower commission was formed and its mandate was established. Coming out of that have been a series of recommendations, and some legislative and nonlegislative initiatives are currently under way. One of those was a grant out of the employment development fund to fund some specific apprenticeship training programs. That is an example.

**Mr. Hall:** How many? Is there anything that put a dent in the numbers problems we are facing?

**Hon. Mr. Grossman:** Of course there is. That is what they are trying to accomplish.

**Mr. Hall:** You mentioned \$5 million, did you not?

**Hon. Mr. Grossman:** I can only account for our role. Our role is to try to create industry and to let the ministries that have to train the skilled workers know what those anticipated demands are. Then away they can go to train them. You may have some criticisms of what is being done over there. I suggest many of those criticisms are no longer valid. But in terms of what we have done to inform the program makers, devisers and setters in the other ministries of the anticipated needs and demands, it is more than adequate. The information has been fed over there, they are developing policies and programs, and they do have the funding to produce those workers.

**Mr. Makarchuk:** But you still don't get the apprentices.

**Mr. Hall:** What are you doing to get industry more involved in it? Let us leave those other ministries aside. That has got to be your function, surely, more so than those other ministries.

**Hon. Mr. Grossman:** We were one of those ministries, as I said, that devised the solution of the manpower commission. There was no point setting up the manpower commission if we were then going to duplicate what Don Pollock was doing. I remind you that Don Pollock came from the private sector. He was the former president of Canada Wire and Cable.

**Mr. Hall:** I hope everybody came from the private sector originally.

**Hon. Mr. Grossman:** Do not look past me in this room. You can talk about me when you say that. But in any case, Don came from the private sector to interface with both industry and labour on that issue. When Don needs our help in terms of a specific

industry or a specific firm, obviously we are there to help him. But I must say the extent of Don's dialogue with industry, the ideas he has got from them and the ideas he has sold to them are really quite substantial. Obviously you will not see the results of those programs for two or three years until the workers come out of them.

**Mr. Hall:** When was the last, or is there a current, three-ministry committee of Industry and Tourism, Colleges and Universities and Labour, burning the midnight oil to break this apprentice problem?

**Hon. Mr. Grossman:** Instead of forming an interministerial committee we agreed—there was one but I forget what it was called—

**Mr. Hall:** Do you mean you have even forgotten its name?

**Hon. Mr. Grossman:** There was one but it was disbanded. It was the interministerial committee on manpower training. There were several attempts to do it by that process. Ultimately, the three ministries said, "We have got to do better than this," because the committee was not producing the desired results.

10:10 p.m.

It was quite a substantial move for three ministries to sit down and agree to subordinate some of their activities and some of their policy-making functions to one new body and one new person. We gave away some of our mandates and authority and program initiatives to a single body. I would think you would agree that is a pretty efficient way to go about it. It shows an enormous degree of co-operation and faith in the system, because mostly what people in government are accused of doing is empire-building. Everyone is building his own empire and trying to do his own thing rather than working with others. We all sat down and agreed the interministerial thing was not the way to go. We all had to agree to give up some authority and some program-making.

**Mr. Hall:** So you have given it to the Ministry of Labour, in effect, because the Ontario Manpower Commission comes under them?

**Hon. Mr. Grossman:** Some was given.

**Mr. Hall:** You said, obviously, that the three could not do it too well so you had better put it in one hat and that way you would get better results.

**Hon. Mr. Grossman:** No, I said we all gave away some. Obviously, we all work with the Ontario Manpower Commission. We did not want to build up an entire new bureaucracy

just to replace the bureaucracy spread over three ministries. So it was not an attempt to build a new ministry, or create a new bureaucracy, but simply to create a focal point so that a person would be out there working with everyone and co-ordinating all the activity. When he needs some help from my good friends in the trade union movement he obviously calls on Bob Elgie. When he needs some help on the industry side he obviously calls on me and my staff. When it is a matter of encouraging or requiring community colleges to change their programs, he works with the Minister of Colleges and Universities. I suggest that is a pretty darned efficiency way of doing it.

**Mr. Hall:** That is fine. I am looking at a report of June of this year. Mr. Pollock is commenting on his problems. He is probably glad that his chairmanship expires on July 31 next year. The report says: "With a massive brush stroke, Mr. Pollock painted a particularly dreary picture of existing apprenticeship and training programs in Ontario. One of the major roadblocks for the development of skilled tradespeople in Ontario is the reliance on immigrants to provide the high-level skills needed. However, with changing immigration policies and the declining attractiveness of Canada to the highly skilled immigrants, Canadians are being forced to rely on the poorly developed domestic training base. The narrowness of the training base is illustrated by several studies."

Then it goes on to recite a study in the early 1970s by the task force on industrial training, and a more recent study of 70 manufacturing companies in southern Ontario involving 70,000 employees and showing that only 19 companies had apprenticeship programs. A recent article shows that de Havilland, with 4,800 workers, has three apprentices. So it is his ball park. How long do we let this problem fester and be studied without producing results?

As one of the ministers, you have given him that mandate to produce the results because it seemed to be the best approach. When are we going to see the results? You have a stake in this partly because you gave him that function and partly because it affects the potential for industry in this province.

**Hon. Mr. Grossman:** Mr. Hall, I guess we could talk about it for a long time. The fact is those specific questions have really got to be addressed to Don Pollock and his minister when those estimates come along. I can only assure you under this vote in my ministry that we are giving them every degree of assistance,

support and information. That, surely, is our mandate and our responsibility.

**Mr. Hall:** It is not your mandate to get directly involved with industry in encouraging apprenticeship programs?

**Hon. Mr. Grossman:** It is the responsibility of the manpower commission to develop the approaches necessary to solve that problem. I thought I had made it clear that where Don Pollock sees an initiative and needs our assistance in getting it implemented out there we do that as well. But I am sure you would agree there would be little point in having a division of my ministry operating out there with industry while Don Pollock is operating as a co-ordinating force and have each of them operate without paying attention to each other. It was out of a desire to avoid that kind of duplication that we went with the manpower commission.

I can only assure you that under our responsibility for following the guidance of the Ontario Manpower Commission, the OMC is a success. You can go to the estimates over there and find out what a success it is. Mr. Pollock would have the figures at hand and be able to give you a pretty good list of the new—

**Mr. Hall:** He didn't think it was much of a success as of June, and he is the one who is making the speeches on it.

**Hon. Mr. Grossman:** Of course, because he took a two-year stretch with the government and obviously all of the problems, all of the concerns, all of the needs were not sitting there waiting for an immediate, snap-your-fingers solution. That was one of a series of speeches and initiatives as a result of some of the studies that he had made. Now he is moving into the implementation stage and, as I have indicated already, I think you will see some legislative action on that front this fall.

There has been money allocated out of the employment development fund which has been used by Colleges and Universities with some new programs in and through the community college system. I can't pretend to be totally knowledgeable with regard to all of them, because it is our job to say, "Here are our needs," and we turn those over to the ministries that are charged with the responsibility of meeting those needs. I am satisfied that they are meeting their responsibilities. If you are not, then you should, in fairness, go to those estimates and take it up with them.

It is a marked improvement, and I guess I should say, in fairness, we tend to think of

all those problems as unique to Ontario. I don't understate the degree of the problem or the importance of it, but what you find all across North America is a very similar problem, a very similar pattern. Partly it is on account of the traditional North American reliance upon the immigrant work force; partly it is a problem relating to lifestyles and values; partly it is a problem relating to positions that unions have taken; partly it is a problem relating to the reluctance of industry to invest money for workers who they think will end up working for one of their competitors, which is a very short-sighted view, and there are a whole number of things that have gone into creating the North American situation.

The other thing that is a factor which is often forgotten is that an apprenticeship program takes four years and it is really quite difficult for anyone to sit down today and estimate with a great deal of accuracy the number of technicians that are going to be required in any area in 1985. It is almost impossible. Obviously you can come close, but it is difficult and you are never going to have a perfect match. Look at what is happening in the micro electronics industry.

You can hardly anticipate the impact that computer-aided design and manufacture is going to have. You can't predict and I can't predict and even all the experts who are sitting on our task force can't predict with a lot of certainty how quickly that is going to be implemented and what the impacts are going to be on our manufacturing sectors. Therefore, it is difficult to predict the profile of jobs that are going to be required in 1985 and 1986.

In high schools today, guidance teachers are having to give advice to kids based upon people's best judgement, but it is really very difficult in this day and age to have a precise match. I think in terms of just how precise that match can be of skills to skills required. We should be realistic, that there will always be a bit of a gap there and every jurisdiction will do what it must do and that is advertise in other jurisdictions to try to get a sorting out of the skills available, to move to where the skills are required. You will never get a perfect match.

I just point out in terms of the experience here, there is not that much difference in the rest of North America for very traditional and understandable reasons.

**Mr. Hall:** You are giving me a bit of history. I don't like to use the word "cop-out" because it is probably not fair, but you place undue stress on what went on and



what used to go on, when you continue to talk that way. Your own estimates book this year says that essentially the issue of a shortage of skilled workers is identified as a problem of attracting sufficient immigrant entrepreneurs as opposed to Canadians. You continue, it seems to me, to stress that one of the objectives of selective placement is to provide industry with an international recruitment program at low cost to reduce the expenditure of dollars abroad. The whole suggestion is that you are still thinking along the lines of finding some way of bringing them over here.

Hon. Mr. Grossman: Be fair.

10:20 p.m.

Mr. Hall: I have tried to be specific as to what your industry role was on creation of an apprenticeship system, and you have told me it is manpower.

Hon. Mr. Grossman: I have, but I have indicated that we are playing a major role in terms of formation and assistance to the focal point for those activities. What you quote out of our material on selective placement service certainly addresses the very point you are making. You will never have a precise matching of skills to jobs. You acknowledged in your own earlier remarks that the lack of sufficient numbers of skilled people is inhibiting our expansion in some areas at present.

Mr. Hall: I have done more than acknowledge it. I have stated it quite clearly.

Hon. Mr. Grossman: Obviously it is the responsibility of my ministry to do more than say, "Well, we will have to let that sit there until we train some young people over a two or three or four-year training program, which is what is required, and not have that expansion." It is surely our responsibility to fill that gap, and that is what selective placement is for. Selective placement first checks with Canada Manpower, checks with the unions, verifies with the company itself, and goes over all of the available information to ensure there is no Canadian able to fill that job. It is the responsibility of my ministry to go out and find that skilled worker to fill that job. No one disputes the fact that one skilled worker coming in usually creates seven or eight unskilled jobs in that same business.

Mr. Cooke: What happened at General Motors last year?

Hon. Mr. Grossman: That is exactly what happened at GM last year.

Mr. Cooke: There were supposed to be 98 people imported, and when it was raised

in the Legislature they had to import only 10 or 15 of them.

Hon. Mr. Grossman: That is all they could find.

Mr. Cooke: They had to bring in only 10 or 15 after it was raised in the Legislature, but they found 60 or 70 of them here in the country.

Hon. Mr. Grossman: I can only tell you as Doug pointed out, Canada Manpower clears those first. If you were suggesting there were Canadians able to fill those, then say so.

Mr. Cooke: That is exactly what I said. When there was pressure put on them, they found them. There were only 10 or 15 they couldn't find in Canada, and originally they had permission to import 92 or 95.

Hon. Mr. Grossman: That is simply not accurate and I will take it up with you first thing tomorrow morning. If you will drop in, we can discuss that.

I am sure you would agree that given the current situation, selective placement must carry on. We do create seven or eight jobs—no one disputes those figures—whenever we fill a skilled position by advertising outside this country and assisting those firms. The other choice is to leave those firms in a position where they can't meet orders.

Mr. Hall: On the past track record, I wouldn't leave the initiatives to provide Canadian skilled labour to somebody else if I were the Industry minister. You are saying, "We are doing what we can by getting these guys in the meantime, but the main onus has to be with the Ministry of Labour."

Hon. Mr. Grossman: Anything you suggest that is an improvement on the Ontario Manpower Commission, I haven't heard about.

Mr. Hall: What about Lloyd Axworthy's suggestion, that either incentives or levies be put on industries with rebates for companies which operate apprenticeship programs? I get the feeling most of the incentives right now are in the federal sector. How do you feel about Ontario's role by way of stronger encouragement to industry, whether it is your ministry that does it or not? Do you think there is room for it?

Hon. Mr. Grossman: Yes, and I want to see us doing that.

Mr. Hall: When? Where? You mean they hope they will when they bring in legislation.

**Hon. Mr. Grossman:** I am telling you they are doing it. They are working with the unions, they are working with industry. We had Don Pollock in here, and I am sure if you go to his estimates you will find specific examples there.

**Mr. Hall:** Are you satisfied it takes four years to train an apprentice, considering the degree of specialization that goes on now? The apprentice may be learning a lot of stuff he will never see again in his lifetime.

**Hon. Mr. Grossman:** Some of the programs—I think one is called the employer-sponsored training program—are quicker training programs for shortened periods for specific firms. A lot of money has been applied, federal funds in part, to that program to shorten the training period. But on the down side, of course, you get some workers coming out of that program who find their services are unique. They are so uniquely trained for that particular firm and that particular job that they have trouble finding another job if they ever want to leave or move up the ladder somewhere.

OMC is working on exactly those kinds of concerns and one of its major priorities is to shorten the training program. I know there are examples where they have been able to shorten the training program through a variety of things—by changing the mixture of time spent in the factory and in the community college, changing those mixes, making the training more intense. All sorts of things are going on.

**Mr. Hall:** So, in summary, you are saying that you are satisfied, as Minister of Industry and Tourism, that we are doing everything we can?

**Hon. Mr. Grossman:** Let me put it this way. By the end of Don Pollock's two-year term, I am satisfied there will be a comprehensive set of initiatives undertaken and implemented by the government that will solve, in a large measure, our manpower training problem.

**Mr. Cooke:** Could I just ask a short supplementary? Down my way, when I was critic of the Ministry of Colleges and Universities, I met with other people outside of Essex county. I think Essex county is one of the best examples because it supplies not only our area but other areas of the province with skilled tradesmen. It is probably one area where the Ministry of Colleges and

Universities' manpower training branch has had some success.

The people I talked to there indicated that one of the reasons you gave for companies not participating was that they train them, they invest the money, and other companies steal the skilled tradesmen. The real problem is that the small manufacturers are doing the training and the large manufacturers are not participating in the training programs. Of course, they can offer large wages and it is quite easy for them to get or to steal, whatever word you want to use, from the smaller manufacturing companies that cannot pay.

General Motors has to be one of the best examples. They have a corporate policy not to participate in any government training program. As part of their expansion in Windsor, I am glad to see they do have a job training centre. I think that was, in part, because of the scandal over the 98 people who were going to be brought in. Enough pressure was exerted on them to do that type of training. Certainly all the small tool and die shops in Windsor will tell you they do the training, they put the money in and then the large automobile makers end up with their trained employees because they can pay higher wages and a better benefit package.

**Hon. Mr. Grossman:** With respect, you are mainlining on your own propaganda if you believe the so-called scandal over the 98 employees caused General Motors to undertake that program. There is evidence that would fill this room to show that that had absolutely nothing to do with it. The Ontario Manpower Commission had something to do with it.

**Mr. Cooke:** Don Pollock would be one of the first to admit, and I am sure he has admitted to your people, that legislation is going to have to be brought in, because he is not receiving the co-operation that he needs.

**Hon. Mr. Grossman:** You heard me say that and, of course, you acknowledge that the unions have not been as co-operative as they might have been.

**Mr. Cooke:** There have been some problems, there is no doubt about that at all.

**Hon. Mr. Grossman:** I knew I would get an admission out of you some time.

**Mr. Cooke:** The United Automobile Workers' locals I have talked to certainly

have not been averse to negotiating ratios that are more beneficial to getting more tradesmen into the plants. I think they really do recognize the problem now.

**Mr. Chairman:** It now being 10:30 of the clock, we will adjourn and meet tomorrow at 10 o'clock.

The committee adjourned at 10:29 p.m.



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 Nixon, R. F. (Brant-Oxford-Norfolk L)  
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 Wildman, B. (Algoma NDP)

**From the Ministry of Industry and Tourism**

Tully, D. B., Chief Executive Officer and Executive Director, The Development Corporations





No. R-35

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Industry and Tourism



**Fourth Session, 31st Parliament**

Wednesday, October 22, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, OCTOBER 22, 1980

The committee met at 10:17 a.m.

### ESTIMATES, MINISTRY OF INDUSTRY AND TOURISM (concluded)

On vote 2302, policy and priorities program:

**Mr. Chairman:** The meeting will come to order. Mr. Wildman was to be the first speaker this morning but I understand he's given Mr. MacDonald his place.

**Mr. Hall:** How do you do that?

**Mr. MacDonald:** By co-operative effort. Mr. Chairman, thank you very much. I understand you have a limited time before these estimates are over and therefore I shall attempt to be as brief and as succinct as possible.

I want to raise with the minister the whole food processing as part of an industrial strategy in Ontario and let me just, without dwelling on it at any length because I recognize it's beyond the terms of the estimates of this ministry, note a couple of basic facts.

During the 25-year period from 1951 to 1976, an average of one per cent per year of prime agricultural land disappeared in this province, and that's the basic resource upon which the agricultural industry is based. If that land were in production today it would be producing some \$500 million in crop value. By coincidence, that \$500 million—and I concede at the outset that this is a fortuitous coincidence—is almost exactly Ontario's share of Canada's imports of food, which are about 1.5 billion a year and we have roughly one third of it.

10:20 a.m.

I concede that there are reasons for that passive import other than the unavailability of land that has been asphalted over, but I think we should remind ourselves that everybody's goal in this province, including the government's, is that we should move towards self-sufficiency in food production instead of a trend which is accelerating towards growing dependence upon imports.

I was interested to note that in a speech last June to the Canadian Institute of Food Science and Technology, Assistant Deputy Minister of Agriculture and Food William Doyle referred to the fact that one of the leading banks had done an analysis of the Canadian agriculture and food industry recently and forecast that Canada will be in a deficit food position in little more than a generation if present trends are allowed to continue. Mr. Doyle added, "If you find that prospect alarming, let me tell you right now we have a large deficiency in the province of Ontario, Canada's largest agricultural producer."

This is nothing new for those of us who have been around here for a little time, including the parliamentary assistant to the Minister of Agriculture and Food. You will remember that as far back as 1974 or 1975, the then Minister of Agriculture and Food, Bill Stewart, pointed out that if the trends throughout the 1960s and 1970s continued to the end of the century, Ontario would be importing 60 per cent of its food, which surely is ludicrous in a province that has such an agricultural base and such tradition in agriculture.

The usual argument or counter-argument to this situation is that much of the food we are importing is what we can't grow here. We know we can't grow oranges, lemons, bananas, tea and coffee and so on, so let's get that corrected. Much of what we import can be grown in Ontario. Why do we have to import, for example, \$129 million worth of meat; \$39 million worth of chickens and eggs; \$31 million worth of dairy products; \$146 million worth of vegetables? Some of this is in the winter and I will come back to that in a minute.

Some of our imports border on the ludicrous. In 1979, we spent \$7.5 million to feed our cats and dogs on imported foods and \$15 million to feed ourselves frozen dinners. In Ontario, we are even sending out for our meals. That's the state we have reached to some extent.

Hon. Mr. Grossman: Our caucus sends out for meals.

Mr. MacDonald: I suspect you are sending out across the border. That would be in keeping with the contradictions of your own stated policy.

Hon. Mr. Grossman: Across Bay Street.

Mr. MacDonald: In 1979, of 17 of the manufacturing sectors—there are 17 manufacturing sectors in the food industry—seven of these showed a positive trade balance and 10 showed a trade deficit. If we could reduce our imports in the food industry by half, we could create 20,000 direct and indirect jobs in Ontario. That's the kind of thing I just want to detail as quickly and succinctly as possible so that I can come to some conclusions and get some response from the minister,

For example, the New Democratic Party has placed considerable emphasis on the fact that it's puzzling and lamentable that we don't have a mining machinery industry in the province, since we are one of the great mining jurisdictions of the world. The same is true of the food industry. Imports of food and beverage processing machinery increased 368 per cent between 1970 and 1979. During the decade, Ontario imported a total of \$313 million worth of foreign machinery and parts, most of it from the United States.

In 1979, Ontario's trade deficit in food and beverage machinery and parts was just over \$50 million. If we undertook an import replacement program we could create about 1,000 new direct jobs in food processing machinery alone, so there you have another component of the whole machinery picture along with mining.

It's interesting to note, for example, that in the United States in the 1960s the Federal Trade Commission, which was concerned with growing monopolies in the US dairy industry, ordered Beatrice Foods and three other US companies not to buy any additional dairies in that country for a period of 10 years. So what did Beatrice Foods do? They moved into Ontario, and as the Chairman will know, they have bought up small independent dairies across this province until you have the so-called rationalization of the industry, which increasingly is in the control of two or three of the major dairies.

In 1955, the largest fruit and vegetable processors in Canada were the Canadian-owned Canadian Cannery Limited. In 1956, the US-based Del Monte Corporation, the

largest fruit and vegetable processor in the world, decided to capture the Canadian market by buying out its largest Canadian competitor, Canadian Cannery. It did not stop with Canadian Cannery. They went on to buy out another half dozen or so, and its rationalization of the industry was to close down plants so that, as our friend from over in the Niagara Peninsula will testify, there are very few processing plants left, a problem that the government has at least awakened to and acknowledged the existence of.

Mr. Hall: In fairness, though, a lot of other plants closed down because of circumstances that had nothing to do with Aylmer or Del Monte. They closed down because they just could not make a profit. There were several of those.

Mr. MacDonald: It is fascinating that we cannot make a profit and then we import the produce, so that a growing proportion of our food is imports, which is documented in the figures.

Mr. Hall: I agree with you but at this stage I am not too keen to knock the only processor that we have left down there. That is the problem.

Mr. MacDonald: My objective is not to pat the back of the man who now dominates the field, but to ask this government why they permitted such a total domination, and why they are not doing more—although they are doing something, as was indicated in the reply yesterday of the Minister of Agriculture and Food in terms of trying to reverse the trends, at least in the peach industry.

Again, without going into detail, the same thing is true in the whole bakery area. There used to be hundreds of small bakeries across the province, each one of them producing tasty and nutritious bread. Today, they are closed down and we manufacture it in one great corporate centre and spend transportation costs in shipping this food out. I use the term food rather loosely, because most of the bread that is produced by these bakeries is the kind of thing that will stick like a paste to the roof of your mouth, instead of being good nutritious bread.

We are not moving forward in that field, either in terms of the manufacturing sector or in terms, quite frankly, of nutrition. They take out most of the nutritive value and they add some 10 additives, the chief one of which is for shelf-life capacity and survival.

Let me sum it all up. Between 1961 and the late 1970s, over half—to put it exactly, 1,379—food processing establishments in On-



tario closed their doors. In the space of 10 years just under 7,000 workers lost their jobs, and those are workers who are scattered in small units providing—if I may use the term in this context—a bit of a leaven in the economic loaf out in communities all across Ontario.

My question to the minister is really two or threefold. Back in 1973 we had some initial studies done in the tender fruit industry in order to cope with the problem that was very clearly emerging then. Nothing followed, as far as I am aware, from those studies. I have copies of them here, but they are interesting historical documents, not much more.

In 1979, we had another consultative task force in the fruit and vegetable processing industry in Ontario. It was commissioned by this ministry. I understand there has been a fair amount of batting back and forth between this ministry and the Ministry of Agriculture and Food as to who has the responsibility for processing to implement the recommendations of this study.

I acknowledge that in tender fruit, as was pointed out yesterday, something has happened, and with new brands of peaches—the minister's favourite clingstones and so on—we hope to be able to reverse the trend somewhat. I understand that something has happened and I want to ask the minister specifically what it is that has happened in terms of an incentive grant for tomato paste, for which we have massive imports, when we have a capacity to produce that here in Ontario? What exactly has been provided by way of a grant and what proportion of the imports is it likely to replace?

10:30 a.m.

Getting beyond tender fruit and tomatoes, which are two important things, what are we doing broadly in terms of acknowledging the fact that the food processing industry is a key portion of the whole industrial strategy, the whole manufacturing strategy? The food industry is the largest industry in the province if you take all its components. What are we doing to rebuild that manufacturing and processing base?

I end with one specific case that I want to put to this minister, and that is, for obvious and commendable reasons, in recent years the government has moved towards developing an industrial park up in Bruce county, and they are planing one down around Darlington and the nuclear plants east of the Metropolitan area.

The idea is that we should use the waste heat from the nuclear plants for purposes of

greenhouse production instead of pouring the equivalent of millions of barrels of oil into the lake each year by dumping that waste heat back into the lake and, indeed, having to spend a certain amount of energy in order to cool down the water so that you will not destroy the biological balance in the lake.

But while the Minister of Energy (Mr. Welch), and I suspect this minister and the Minister of Agriculture and Food (Mr. Henderson) have all gone up to Bruce county and they have all spoken glowingly of the development—and I note that Weston is moving in so that they will be integrated right down to the grass roots, as well as through to the retail stores, which raises another problem—what are you doing to cope with the broader picture, because for every greenhouse plant that you open up in Bruce county or down on the Darlington site, a greenhouse plant in Essex county or the Niagara Peninsula is going to go belly up?

**Mr. W. Newman:** What are you trying to say? One minute you are saying we are importing too many things, and now you are saying if we grow them we are going to put everybody else out of business. You cannot have it both ways.

**Mr. MacDonald:** I am not having it both ways.

**Mr. W. Newman:** That is exactly what you are trying to say this morning. You are trying to get it both ways.

**Mr. MacDonald:** If you would listen—

**Mr. W. Newman:** I have listened to you for a long time.

**Mr. MacDonald:** —even a bit more closely than the Minister of Agriculture and Food, who does not hear what I am saying, I am saying that if we are producing more greenhouse products to replace imports, and we do not do something about stopping the imports, each new greenhouse is just going to close one down in Essex county. If you do not stop the imports from coming in, if the production is not to replace imports, then all you are going to do is destroy the existing greenhouse industry.

I commend it if it is going to replace imports, but can this government give us any indication, other than browbeating Ottawa, that those imports are going to be significantly reduced? If they are not significantly reduced, each new greenhouse in Bruce county is going to destroy one down in the Niagara Peninsula or Essex county, and you cannot argue against that. It is just plain hard facts. It is okay for you to lament about the awful Liberals in Ottawa, but the fact is nothing

significant has changed, or not enough of significance has changed this picture.

I have asked a number of questions and without taking any more time by way of laying out the topic, let me become silent and let the minister respond.

**Hon. Mr. Grossman:** Mr. Chairman, I want to say right off the top that for very good reasons we are taking a lot of guidance from the Ministry of Agriculture and Food on this topic. We are trying to give them all of the support necessary to make some of these things happen and I think we are seeing a lot of movement in the areas you are talking about.

Specifically, I can cite activities undertaken by the Ontario Energy Corporation. I can indicate to you that my assistant deputy minister spent some time in Essex working on the greenhouse situation there and ultimately brought the Ontario Research Foundation in for the first time in a major way. We put up the funding to study the ways in which we could maximize the potential there.

I am not purporting to be an expert on all aspects of agriculture. I take the advice of our sister ministry with regard to the kinds of things that are grown there. The impact that has on imports is not my main responsibility. It is the kind of thing the Ministry of Agriculture and Food has all the expertise in.

We have arranged for Agriculture and Food to have direct access to the employment development fund. There seems to be some perception out there that the employment development fund is pointed only towards the mainstream—as people call it; I don't call it the mainstream—of manufacturing industries, automotive related and so on. That just isn't the case.

Although we haven't announced them yet, because contracts are still being negotiated, the employment development fund has supported three firms to date by way of direct grants and one by way of guarantee. They will be announced shortly. They were done together with the Ministry of Agriculture and Food. I don't have it with me this morning but I could get the amount of import replacement that will be involved in those. In every case one of the main things the employment development fund and the Ministry of Agriculture and Food would look at is import replacement. The point of the EDF grants is never to put another Canadian entrepreneur out of business; it is to replace imports.

There were some more proposals brought to Agriculture and Food for participation under the EDF which were not accepted. We have

now accepted four, simply because they address the kinds of issues that you—

**Mr. MacDonald:** But you can't indicate what they are yet?

**Hon. Mr. Grossman:** No, I can't.

**Mr. MacDonald:** Do they include the tomato paste development?

**Hon. Mr. Grossman:** Let me just say they address some of the concerns you raised. It shouldn't be too long until our announcement.

**Mr. MacDonald:** Will they be out before the agricultural estimates on November 12?

**Hon. Mr. Grossman:** We will try and avoid it.

**Mr. MacDonald:** That is what I thought.

**Hon. Mr. Grossman:** No, I was just joking.

**Mr. MacDonald:** We are usually left to operate in a vacuum.

**Hon. Mr. Grossman:** Let it be recorded that I was just joking when I said that.

**Mr. MacDonald:** At least you are frank.

**Hon. Mr. Grossman:** In fact it is very much in the hands of the lawyers, which does not make you too optimistic.

**Mr. MacDonald:** Yes, you are right.

**Hon. Mr. Grossman:** All of the approvals here are in place. It is simply a matter of our people and the lawyers for the firms negotiating.

**Mr. MacDonald:** Mr. Minister, while we are on that, can I just clarify one point? We heard scuttlebutt around—and I know I get chastised for responding to scuttlebutt at Queen's Park, but there is a lot of it—there seems to be some differences of opinion as to where exactly the responsibility rested for implementation of the proposals in this task force. It was set up by your ministry and yet it falls totally within the normal purview of the Minister of Agriculture and Food.

Are you assuming responsibility, accepting the expert advice from Agriculture and Food, or to what extent does it rest over there?

**Hon. Mr. Grossman:** I think it is fairly straightforward. It does address one of the points you raised in that the task force approach is one this ministry adopted before the federal government started its task forces. I think our first one was electrical and electronic products. The second one was food processing, which I think would give you some indication of the priority we put on food processing.

That report came in and, as you have probably heard, it was very well received by the processing industry. There was a lot

of credibility for that report and it had some very good recommendations.

**Mr. MacDonald:** It provides a prescription for survival.

**Hon. Mr. Grossman:** It is a good report. It is one of the good ones. In our ministry we wouldn't blast ahead with implementation because you wouldn't want us to do that without consulting Agriculture and Food and essentially making sure it fell within the purview of the kinds of things Agriculture and Food was equipped to do and set as priorities. Therefore, the task force report was sent over to Agriculture and Food for comments and recommendations and partial implementation.

At present the two ministries are meeting with regard to the next step, so to that extent your scuttlebutt is somewhat accurate, but in essence the two ministries are working together on implementation.

**Mr. MacDonald:** What role do you feel your ministry has in terms of trying to slow down or counter this tendency for outside companies—sometimes Canadian companies but usually outside companies—coming in and buying up and closing down? I'm speaking of the whole so-called rationalization process and it accelerates the monopolizing process which has inevitable consequences in terms of crises, if one believes all of the studies that have been done on the issue? Do you feel you have a role? For example, do you ever intervene with the Foreign Investment Review Agency in Ottawa and say, "Look, this has gone too far"?

10:40 p.m.

**Hon. Mr. Grossman:** Yes. FIRA always consults our ministry for comments on any FIRA applications relating to our province. We make recommendations to them and we struggle with it as much as the federal government does when it makes FIRA decisions. They don't always agree with us, but they mostly do. From the standpoint of our input we consult Agriculture and Food before we make what is essentially a governmental recommendation to FIRA.

There are some very real problems. Mr. Hall pointed them out. In some cases, and I am not going to specify them, we have a situation where the economics no longer work—it is not unique to food processing. The economics of scale, all of those things, come into play. One might wish there were some alternatives. Mr. Gray is struggling with the way in which FIRA applications for the kinds of takeovers you are talking about would be advertised and made known to the public so that Canadian investors

could come in and buy up these operations as an alternative.

I would predict, if that system is implemented, you won't see a lot of Canadian firms coming in to buy up some of these assets. You know the situation as well as anyone would. The economics work best in some cases for fully integrated firms, and we don't have a lot of those in Canada.

Some of the alternatives are being looked at, but essentially our recommendation to FIRA is meant in many cases to ensure, after all, that there is food processing done in this province, that there is not a closure, that jobs are maintained here where they otherwise wouldn't.

**Mr. MacDonald:** You certainly haven't succeeded. Ninety-five per cent of the takeovers are authorized. I would be curious if you felt it would not be breaching that sacred confidentiality in the business world to give me one or two instances where FIRA has okayed when you have objected.

**Hon. Mr. Grossman:** I can't do that. But in some instances it is really quite unfair for people to presume that because FIRA has approved 95 per cent of the applications, therefore it is not doing its job. In very many cases the alternative to FIRA allowing a buyer to come in and keep a plant operating here in Ontario is that the plant would close.

The problem with the FIRA process is that there is no mechanism to make those alternatives and choices publicly and that is something Gray is working on right now. I can assure you if there is an opportunity to maintain the ownership and the operation of that plant in Ontario and in Canada, then we obviously recommend against FIRA approval. But in very many instances the business reality is that the only way food processing can stay here is if the FIRA application is approved.

**Mr. MacDonald:** Let me intervene with a point here. It addresses a point you have just made—namely, that one of the compelling economic forces is the rationalization to get the advantages of scale and so on. In the food processing industry there is plenty of evidence to suggest the small processing unit is just as effective, just as economic, if the government sets up a framework of policy that doesn't result in the small man being beaten out by the big monopoly competitor.

All of those small bakeries across the province could have survived. They would be providing us with better bread locally instead of us having it manufactured in a huge structure here, in relation to Weston



or in relation to Dominion Stores, and then having the cost of transporting it all over the province in those great big trailers. It is not economic and you are destroying a very possible, viable, small but useful leaven in the economic loaf in those communities.

If what I am saying is valid in southern Ontario it is even more valid in northern Ontario, because your transportation costs are even greater. You have pockets of good agricultural land, you have pockets of production which, if it were processed locally, could meet the needs of the local people. But what has happened? They have all been destroyed because the Westons and the Dominions will not even buy the produce. They have year-round contracts, God help us, usually with the states rather than with our own producers in the south. They will not even buy the products of the northern farmer, and certainly there is no viable unit left for processing them up there.

The point I want to make, without labouring it unduly, is that while I acknowledge the compelling force of rationalization, the economy of scale and so on so that we get into bigger and bigger productive units, I want to suggest to you that the one area of the economy where that is not necessarily valid is the possibility of small units of processing to meet local needs, particularly in areas like northern Ontario.

But it is not going to happen. They are going to continue to be driven out and destroyed if there is not a framework of policy that somehow or other counters this so-called rationalization or economic concentration process.

**Hon. Mr. Grossman:** I know you would not want or expect my ministry to make all those judgements on those FIRA applications or on the general matters of policy you are talking about. Those are truly matters which fall within the purview and expertise of my colleague and his ministry.

I just want to comment generally in a couple of ways. First, I do not think you intended to suggest that we were approaching it in a monolithic way, presuming that all rationalizations are right. We do not. One of the beauties of FIRA and the way we handle it is that we do not approach it from a theological point of view. We do try and look at each individual application and see what the realities are. I would say to you that I would put the expertise of the Ministry of Agriculture and Food up against anyone when it comes to making those judgemental decisions. We invariably

follow the advice offered us by Ag and Food in this particular sector. So if you have some concerns, you should raise them there.

There is just one other point I wanted to make. Having been through a good portion of central and northern Ontario, I want to say that while there have been a number of cases in which smaller operators in a lot of fields have succumbed to major competition—and I am not an expert on the business—I can only tell you that from the standpoint of our field staff and my personal visits out there, there sure are a heck of a lot of bakers spread throughout this province. I would suspect you would find there are still more small and medium-sized bakeries in this province than you would find in most jurisdictions of this variety in North America.

**Mr. MacDonald:** Just on that point, in 1965 there were 766 bakery establishments; by the end of the 1970s little over half of them remained. So there are a lot, but only half of what there were in the mid-1960s.

**Hon. Mr. Grossman:** To be fair to our ministry and ODC, there are a number of them that are assisted by ODC.

**Mr. Hall:** I just want a supplementary on what you are saying, Mr. MacDonald. I certainly share your view that the processing industry does not have to have scale, it has to have geographic location as a very important part of its doing well. It is a business, however, that needs more financial help because of the nature of the products, certainly down our way, in holding capacity, cold storage and things of this nature, and for that reason needs a leg up on government funding that does not seem to be very evident. The bank area does not seem to wish to play too big a role in this.

Just to back up a little, I want to make one comment and I do not mean it unkindly to you, but I know of no person in the last five years since I have been a member who has done more than Mel Swart to stress the fact that consumer goods are cheaper in the states than they are in Canada. I think that waves a red flag all over the place and I think it is an unfair criticism. I would far rather see a stress on Canadian quality and Canadian purchasing than the emphasis he seems to make all the time. He wants to have it both ways, it seems to me, and I do not feel it is helping.

10:50 a.m.

**Mr. Cooke:** He has been talking basically about things like coffee which we do not grow in Ontario and that are cheaper in Buffalo than in Ontario.

**Mr. Hall:** Every time he says that people's thinking generalizes on all our consumer needs. He is not helping us out.

**Mr. G. I. Miller:** How about the toilet paper issue?

**Mr. MacDonald:** He has made such a good mark that it is smarting. You want to cop out of the issue.

**Mr. Hall:** Not at all.

**Mr. MacDonald:** When a product is manufactured in Canada or is manufactured on both sides of the border by the same company, and yet sells in the United States for significantly less than here, that is the point we are stressing.

**Mr. Hall:** Let us stick with food processing. The fact of the matter is that Canadian processors have difficulty competing with the prices of offshore material where the sun shines longer, where labour is cheaper and where there are government subsidies, direct or indirect, such as in Australia, particularly in the fruit business which is what I am talking about.

Nevertheless, the quality here is higher. That never seems to be stressed by Mr. Swart. When he is talking about comparison shopping with the United States, he is putting us in an unfair situation.

**Mr. MacDonald:** With the help of the Liberal Party, the government will not need to do very much.

**Mr. Hall:** Not at all. My directions would be far different. Instead of carping all the time, I would like to see some action locally to promote it. I do not think you get anywhere by knocking what Canadian industry is doing.

**Mr. G. I. Miller:** I suggested to you last night I had a question for you in regard to the jobs at Stelco. I think they were looking for offshore help, for 100 people last spring, at a time when there was—and still is—a tremendous demand by our local people to get those jobs. What really happened at that point in time? Were you able to draw from your own work force or did we have to go overseas?

**Hon. Mr. Grossman:** Mr. Laschinger, the director of trade development and acting director of the small business development branch will give the information.

**Mr. MacDonald:** They are all gone. The Minister of Agriculture and Food says you don't need to worry about that.

**Mr. Laschinger:** We held meetings with company representatives and senior managers of the Canada Employment and Immigration

Commission in December 1979. In early 1980, the company was given approval by the federal authorities to hire 103 skills from outside of Canada; 65 of those were for Ontario and 38 were for Alberta. In the final analysis, we were unable to assist the company.

We did not participate in the program to recruit overseas with them for two reasons. They were unable to identify the applicants whom they wanted to go to Ontario locations and we were not anxious to be involved in a program that was bringing in people for another province. In addition, the company could not give us any specific information as to the exact startup dates for the Nanticoke operations.

Since that time, several jobs have been offered. Because of some delays, those jobs have now had to be unoffered. I understand the company is dragging or delaying the implementation of the start of those jobs. They have not been back to us since the early part of the spring.

**Mr. G. I. Miller:** In other words, we are trying to pull them from our own work force and you are encouraging them.

**Mr. Laschinger:** Yes, we are.

**Mr. G. I. Miller:** That is good news.

The second question is in regard to the closing of the Essex International Rear Light Wiring Harness Company at Dunnville. I sent a letter to the minister on July 16 asking him to look into this closing. It became very clear to me that it was not because there was a shortage of work that they had to do this. There seemed to be plenty of work to keep that company going. I do not believe it was because the wages were so extreme that they could not be competitive. It appeared that they could be competitive.

When we looked into it, it was brought to our attention that the St. Thomas plant was using the same harness which was being imported from Japan.

I wonder if the minister has looked into that. He did respond to my letter and indicated he was looking at it. Could he give us a report this morning?

**Hon. Mr. Grossman:** Because you told me you wanted to ask the question, I have asked David Burrows, the director of our industry sectors policy branch, to come. He can expand a bit on the information on section 22.

**Mr. Barrows:** The information that we have from the company and from the industry is that the demand for those harnesses has fallen dramatically and there has been a significant increase in import penetration, particularly from the Japanese.

**Mr. G. I. Miller:** Did you do a detailed study to see if that was the case or did you just accept the word of the company itself, which is based in America? Again, I did discuss it with the management and they did indicate that there were several shutdowns in the US in connection with the plants, but they did not indicate that the markets were not here in Canada.

**Mr. Barrows:** Our information is that the company has closed 21 facilities in both Canada and the United States and has experienced severe market difficulties, and some of the production has, in fact, been transferred to the St. Thomas facility.

**Mr. G. I. Miller:** Are you planning on trying to do something with that plant for the community of Dunnville? I would like to bring to the minister's attention the fact the Dunnville development board has provided a film indicating what is available in Dunnville. They have spent \$6,000 on that particular film, which is available to the ministry. We did have the unfortunate situation of selling the local telephone company to Bell Canada and the headquarters of the Community Telephone Company was in Dunnville. While it is providing a better service, it has been very hard on the local economy along with the closing of the Essex plant. I am wondering if the ministry is going to use that as a special area to focus on to make sure that we do get our fair share of the auto pact and the auto industry.

**Hon. Mr. Grossman:** The way the system works is that our field staff goes into any plant that has been closed down and tries to get as much information as possible with regard to the kind of thing the plant might be used for in the future. They analyse whether there is a prospective purchaser in the same business that might find that type of operation viable—as Mr. Barrows has said, this probably is not the case in this instance—and then try to find other industrial purchaser-users for that facility. That is going on. Sometimes it works and sometimes it does not, but it is a valuable addition to just letting it lie out there and have real estate agents make some contacts.

At any point in time our people have a list of potential investors in Canada; people who have been here and are thinking of investing in Canada or people who are thinking of expanding here. They will immediately go through that client list, as it were, and contact any of those might find this particular facility appropriate to what they want to do. We have some success stories.

For example, in Smiths Falls, RCA—I think it was—closed out their plant. We knew that Litton Industries was looking for a facility in that part of the province for a new drill facility to make drill bits and so on, so we immediately showed that plant to Litton Industries. Litton eventually went in there and replaced almost all the jobs. That is the kind of thing that goes on when a plant goes down and becomes available. By virtue of having this client group, we are in a position to find more real customers for that kind of facility.

I need not tell you that there will not be a large number of people and the success rate is good but it cannot be sensational. There is not someone to move into every plant. We do make a special effort in cases such as the one you are citing. I think you industrial development people are doing the right thing. They are investing money, and they must do, in promoting their own municipality. There are a number of people looking to build new facilities or expand in Ontario and it is a bit of a competition, a healthy competition between municipalities—not in terms of handing out grants, which is what happens in the United States; but in selling their own community as a good place to invest.

11 a.m.

The efforts that Dunnville, particularly has taken in the face of its problems are the kinds of things that more and more municipalities are doing and still more should be doing.

I hope people in your community will agree that the kind of service being provided by my industrial development people, under Duncan Allan, my assistant deputy minister, is most supportive of that. We have met with the industrial development commissions and provided them with the best material they have ever had with more context than they have ever had.

Finally, there are a number of international fairs. Last year, I know the one in Munich—which was a major one—was well attended by a great number of industrial development commissioners in Ontario. In some cases we helped to pay their fare. In all cases, we co-ordinated the contacts made with potential investors at these kind of international fairs. If your people in Dunnville or any other municipality in your riding would be interested in attending, I highly recommend that as a source of potential investment. Places like Windsor are very aggressive and have some success in promoting their own municipalities in conjunction



with us. They send people to Europe. They entertain people—

**Mr. J. A. Taylor:** He is ready; he has his bag ready.

**Hon. Mr. Grossman:** I am sure your people will report that our ministry has been most supportive in trying to find alternatives for them. In any case, I am sure they will have more success than people in municipalities in which the local members refuse to accept any foreign investment. It does give you an advantage over some of the ridings.

**Mr. Cooke:** Let the record show he was pointing to the NDP.

**Mr. G. I. Miller:** Mr. Chairman, I want to make one comment. There are a lot of industrial parks sitting around that are not being utilized. There are a lot of small communities that could provide the area with employment and stimulate the economy. I do not feel it is being used as fully as it should be. We are trying to expand in new areas. I guess a good example is in my own riding where we have the Townsend town site. They are trying to bring in industry to support it, but the hearts of these smaller communities are deteriorating. They are finding it more difficult.

I think, Mr. Minister, we have to have some special assistance. As Mr. MacDonald pointed out this morning, there is an opportunity in my riding to provide jobs. Port Rowan is a great tomato growing area. We had a group of farmers who were trying to establish a tomato processing plant and process them there. They have indicated to me that they can put them in there at \$10 a ton cheaper than they can truck them to Niagara Falls or Toronto. I think we have to encourage that.

As my colleague Mr. Hall indicated, they have to have special funding to provide this storage. The report that was brought down on the study of agriculture that was made just recently, while it did not indicate that there was anything wrong it did not indicate that we were protecting that small businessman or encouraging him. In the long run, it is good for the big guy to have that little guy there to give some competition and provide jobs. We not only need the big companies and big unions, but we have to have the small plant and have a balance to keep our competition alive and well.

We have to focus on these smaller municipalities rather than take good agricultural land and try to promote provincial policy, like the Townsend town site, where you are going to take good agricultural land and try to attract a new, big industry there. I think

we have to back off a little and support our small communities and encourage them. I think Dunnville is a good example of a community that needs some assistance from your ministry, not only in travelling around the world—I do not know, that could be well worthwhile—but I still think money and special assistance has to be provided to encourage those industries to locate there.

**Hon. Mr. Grossman:** I can only comment with regard to two things you have said. First, the reason we have a number of industrial parks in the province is that we try to set up programs which will give the municipalities the right to make some local decision making.

**Mr. G. I. Miller:** I realize that.

**Hon. Mr. Grossman:** If the municipality decides it wants an industrial development park, I think it is our obligation to advise it with regard to the economics of it but also to have a program. In the event the municipality wants to invest its own money, we provide some loan assistance to permit the municipality to make its own decision.

**Mr. G. I. Miller:** Could I give you another example? At Parry Sound there is an industrial park of 800 acres. They have a beautiful water system. They have a beautiful sewage system. But there are only two plants there, and it has been sitting there for several years now.

There is only one successful one.

**Mr. J. A. Taylor:** That's municipal government.

**Mr. G. I. Miller:** No, it's not municipal government. It is money provided by this ministry to provide those systems.

**Mr. J. A. Taylor:** Privately owned?

**Mr. G. I. Miller:** No, it is a municipal park. There has been lots of subsidy money go in there. We are not getting a return on the investment. I'm not criticizing what we're trying to achieve, but it's not doing anything for our economy. That's the point I would like to make.

**Mr. Hall:** Mr. Chairman, we have only an hour and a half left in the whole estimates.

**Mr. Chairman:** That's right, but that's something you're aware of.

**Hon. Mr. Grossman:** When I am asked questions I really have to respond to them.

Regarding the Parry Sound type of situation and others, Ontario's rather substantial inventory of industrial serviced land is very important. It is an important lure.

**Mr. G. I. Miller:** I'm not arguing that point.

**Hon. Mr. Grossman:** Second, I think you would have a very fair criticism of government if it were the government coming in and telling municipalities who could and who could not have industrial serviced land.

We did not impose the Parry Sound one. It was built with our money because Parry Sound municipal authorities decided they wanted to invest their municipal dollars in industrial parks. That was their decision. They then applied to participate in our industrial parks program, which provides loan assistance under preferred terms. But the municipality ends up paying off that loan back to the ministry.

It simply is a situation of our ministry, the provincial government, making it possible for municipalities which otherwise couldn't afford it, to do some of their own planning. They decide out there, instead of at Queen's Park, whether they are a municipality that wants to try to attract industry to their part of the province and how big the industrial park should be. With respect, I think that decentralized way, where we provide funding—not total grant funding but some funding assistance to those municipalities who make their own decisions—is the only correct way to do it. I would not be recommending any change in that whatsoever.

**Mr. Hall:** Mr. Minister, the Montreal Gazette today named the Canada Development Corporation as a specific investor to bail out Massey-Ferguson. If this is the case, do you feel the offshore creditors will respond favourably? In your view, when will this be known? When will this matter be resolved?

**Hon. Mr. Grossman:** I'm sorry, my deputy was just updating me on some information I had asked for on Massey-Ferguson. I knew that was your question. Could you repeat the question?

**Mr. Hall:** It is reported in the Montreal Gazette today that the Canada Development Corporation is a specific investor that will move to buy shares in Massey-Ferguson. If this is the case, do you feel the offshore creditors will respond favourably? I want your opinion, and I would like some clarification as to when the dust will settle on the fences and when this will be known.

**Hon. Mr. Grossman:** I can't give you much guidance on any of those matters. It is essentially in the hands of those people who have been appointed by the federal government to work with Massey-Ferguson to get the offshore creditors onside and to find the investors. They have spoken to the CDC. I can't confirm that the CDC is one of the prospective investors at this time.

**Mr. Hall:** If you don't wish to confirm that the CDC is the one, as reported in the Montreal Gazette, are there still other potential specific investors?

**Hon. Mr. Grossman:** Yes there are.

**Mr. J. A. Taylor:** It's not me. I can tell you that.

**Mr. Hall:** It's either a Socialist or a Tory somewhere.

I had a series of questions which touch on policies and priorities generally. I understand you have engaged the Longwoods Research Group Limited for a study on the public reception to and credibility of the ministry's programs and services. Is it known right now what the cost of this study is going to be?

I get the impression that it must be quite a bit if Longwoods can afford to pay \$50 cash per interview. I would like to know when the results will be received and will they promptly be made public?

11:10 a.m.

**Hon. Mr. Grossman:** It's much the same as the lunch money provided to the Ontario Public Service Employees Union to attend the rally last Saturday. The total cost is \$8,000.

**Mr. Hall:** That doesn't give them many interviews at \$50 a shot. How effective do you feel the little game is?

**Hon. Mr. Grossman:** I could see the way you were going to come at that: I would be spending too much money on the survey for it not to do any good.

**Mr. Hall:** I'm just wondering whether it is another grazing job, or whether you are really going to find out the facts. Why do you have to pay that kind of bread to get that kind of information?

**Hon. Mr. Grossman:** Essentially, we're trying to help identify the success we're having in letting the public know about our programs. I think particularly of our small business programs and our export programs. I would argue that our programs, particularly in those two areas, are as comprehensive and as effective as any series of provincial government programs could be.

I think our concern is that the right people aren't coming in to take advantage of them and there is some problem in making the public aware of them. That's a traditional problem for government.

You couldn't go out on Bay Street—that's not a good street to select; let's select Brunswick Avenue. You couldn't go out on Brunswick Avenue and find a whole lot of people aware of a lot of the federal government programs. The federal government tried to—

**Mr. Hall:** They have only 160 interviews at tops.

**Hon. Mr. Grossman:** The federal government?

**Mr. Hall:** No. Longwoods—160 interviews at \$50 a shot. They're obviously not going to do that many. Are they all Toronto-based? What about out in the greater reaches of the province? Are they conducting interviews there?

**Hon. Mr. Grossman:** I will tell you the way the thing is going. In terms of why we are doing it, we are trying to find out what the awareness is of the very good programs we have. If there is a certain area out there which isn't aware of our programs, then we know we have to get the information out there and do so more effectively.

That surely is something that any good government would do. You should not just pretend the problem is solved when you devise a program and put out a booklet. How do you deliver the program to the people who must be aware of it?

Second, the reason we are paying Longwoods that amount of money is that if you're going to have an effective focus group you have to get businessmen, who are fairly busy, to sit down in a three-hour discussion session—that's the way these things happen. I'm told by the experts that these focus groups are very effective. Certainly they are effective for political purposes.

**Mr. Hall:** Longwoods would certainly say so.

**Hon. Mr. Grossman:** I am also informed there are four sessions—one in Toronto, one in northern Ontario, one in eastern Ontario, one in southwestern Ontario. None in the Niagara Peninsula.

**Mr. Hall:** You ask about five guys in six centres, and this is going to give you good information?

**Hon. Mr. Grossman:** There are 16 people in each session. All I can tell you is that the experts in the business tell us these focus groups are effective and fairly accurate.

**Mr. Hall:** When will the results be received, and will they be shared with the world?

**Hon. Mr. Grossman:** Soon, and of course.

**Mr. Hall:** Thank you very much on that one.

Regarding the CF-18 procurement, what is the ministry doing to assist or encourage small businesses to compete against the multinationals in bidding for these contracts? What is your participation in this broad procurement as it affects Ontario business?

**Hon. Mr. Grossman:** A high level of activity. We've got our field staff throughout the province trying to determine which firms are able to pick up some of the work—small, Canadian-owned firms spread throughout the province.

We've also indicated to those firms which are capable of participating that if ODC assistance was required to aid them in tooling up, that will be done. We are bringing forward these opportunities to the decision-makers in awarding those contracts to make sure they get their fair share.

**Mr. Hall:** In getting the work, have you had a good relationship with the aircraft company as to qualities and specifications on the materials? Is this detailed knowledge that you possess?

**Hon. Mr. Grossman:** Yes.

**Mr. Hall:** In complete form, and you are trying to educate small business in this direction?

**Hon. Mr. Grossman:** In point of fact, the larger aircraft companies are desirous of sourcing here—

**Mr. Hall:** There is an obligation, isn't there?

**Hon. Mr. Grossman:** —for good economic reasons and also for good corporate citizenship reasons, and they are co-operating.

**Mr. Hall:** That's right, but there must be a role for you to play to put the other small guys you are concerned with together with the big buyer.

**Hon. Mr. Grossman:** Yes, that is happening.

**Mr. Hall:** Looking at your estimates, I am a little concerned about the support of small business. What per cent of the budget is used directly to support small business? From the estimates it looks like about five per cent of the total funds and about 16 per cent of the industrial development allocation.

**Mr. Chairman:** There are four or five more who want to speak, and I do not know—

**Hon. Mr. Grossman:** I am happy to deal with it now. I just thought that would be appropriate under small business.

**Mr. Hall:** It has to do with priorities.

**Hon. Mr. Grossman:** I am in the hands of the Chairman.

**Mr. Hall:** I am talking about the priorities you allocate towards that segment.

**Hon. Mr. Grossman:** In determining how much money is applied to small business,



you have to take into account the fairly substantial ODC budget, and of about \$60 million worth of commitments made by ODC every year a substantial majority, usually about 80 per cent, of the firms assisted by ODC are small Canadian-owned businesses.

**Mr. Hall:** That may be, but it would appear that only about five or six per cent of your staff is directly involved in the small business sector.

**Hon. Mr. Grossman:** But you would have to talk about our field stay. What you have involved in small business are not just those people listed under the small business development branch, but you would have to include all those working in our 15 field offices throughout the province, which is another 43 people.

If you really wanted to talk about the full range of small business, you would have to include all of our tourism consultants throughout the province. It would be hard to exclude all the ODC field staff, because ODC field staff spend almost all their time in dialogue with Canadian-owned small business. You will find that the majority of our efforts are pointed towards Canadian small businesses.

**Mr. Hall:** Are you able to give me some assurance that your ministry is increasing and intensifying its efforts on small business, keeping the pattern of past years, or is it going the other way?

**Hon. Mr. Grossman:** I think almost any small businessman in this province would tell you that the efforts of the last two years are bearing fruit now and that there is a high emphasis being placed on—

**Mr. Hall:** Mr. Minister, with all due respect, every small businessman in Ontario doesn't know a hell of a lot about what government is doing or what you are doing, despite the ads.

**Hon. Mr. Grossman:** With respect, if you are right, that is something the focus group will report to us. May I also say I am convinced you are wrong. If you ask people who represent them, John Bulloch's group and—what is the other one, COSB?—whatever the other group is, you just won't get anywhere the degree of support and recognition for any government program, or I might say division, that those groups give to our division.

I invite you to sit down with John Bulloch's group or the other groups involved and ask them how we are doing in small business, and I think they will tell you we

are far outperforming any other government and the inroads we have made in terms of providing facilities, services, programs and information to small business are absolutely the best anywhere.

**Mr. Hall:** I appreciate you are faced with the problem of having to do a turnaround strictly in the manufacturing sector in Ontario, and I would certainly hope you are doing more than the others sectors. It is more important to us that you do.

**Hon. Mr. Grossman:** We are.

**Mr. Hall:** Let's just touch on procurement for a minute.

**Mr. W. Newman:** What kind?

**Mr. Hall:** I am trying to keep the level high here, honourable member. I won't mention the name.

**Mr. W. Newman:** I didn't say anything at all; it is just the way you interpreted it.

11:20 a.m.

**Mr. Hall:** As I understand it, you're to be congratulated on the fact that you are not talking on provincial terms, you are trying to encourage Shop Canadian and you have had dialogues with the other provinces. That's fine. You have also made an important thrust on hospital equipment. However, you are only at a 10 per cent level on government purchases. Have you done any studies to satisfy yourself whether that is the proper level or you should be going a lot higher? Or do you know that and accept it, but you are stymied by a dollar problem?

It is interesting that the government announced a few months ago it was going to pay their bills on time, which is certainly basic to doing business with anybody. I am glad to hear that new initiative was put in place. Beyond that what numbers have you turned up with your staff as to the merits, direct and spinoff, of Canadian procurement? You must have gone into it some because you are heading in this direction. Are you satisfied you are at the right level?

**Hon. Mr. Grossman:** We are not fully in a position to say that for all sectors that is the right percentage, and we are continuing to study it. It becomes very complex. To give a full picture on it, we must understand that in developing that we want to make sure we aren't simply building inefficiencies into the system, that is, providing 20 or 30 per cent more funds for someone who otherwise would get the contract and will simply find that because he is Canadian he can remain somewhat less effi-

cient and get more money from government. That is a concern.

The second concern you have is building up a system which will really spend the taxpayers' dollars wisely in those sectors where it will count and not perhaps wasting money on other sectors where it perhaps doesn't count. One of the things we are looking at is whether instead of 10 per cent across the board it should be five per cent or zero per cent in some sectors and 20 or 30 per cent in other sectors. That requires a hell of a lot of information, though, because you don't want to start putting 30 per cent preference. That can become very expensive. In point of fact, the 30 per cent preference, let's face it—

**Mr. Hall:** I support the concept of evaluation.

**Hon. Mr. Grossman:** —is a direct grant to industry.

In some sectors what is more important than setting up a standard across-the-board 20 or 30 per cent is to identify those sectors where it is key to their international success to get government contracts. I think of the Urban Transportation Development Corporation, for example, and transportation equipment. I think of the De Havilland Dash 7. Those are the kinds of situations where they must be able to go to foreign countries and say, "Our government bought from us," in order for them to ever survive. This is another sector in which access is more important than whatever percentage you pick.

You don't want to be hamstrung by percentages, for example, in the microelectronics computer industry. You will recall the discussions surrounding the LCBO purchase several months ago. The LCBO eventually deferred the decision for other reasons, but the point we were making then to the LCBO was that even after applying the 10 per cent, perhaps even applying 20 per cent, the large foreign company would be price-competitive and quality-competitive. In terms of giving a foothold to a small Canadian company, it absolutely had to have that or else it would never be able to compete in that industry. You don't want to get hamstrung either by simply putting all your eggs in a preferential percentage markup. That is something we are also—

**Mr. Hall:** If the government won't do it, who will?

**Hon. Mr. Grossman:** I quite agree, and am sure you have read my speeches where I have talked about that.

**Mr. Hall:** You make too many for me to read them all.

**Hon. Mr. Grossman:** We will highlight the ones—

Interjection.

**Mr. Hall:** I don't have the forum he has.

**Hon. Mr. Grossman:** I think we are coming closer. Some of the things you have seen, and you have referred to, are evidence we have had some success.

I would also remind you the small business development branch put a major effort into making sure this government was letting the Canadian small business sector know of the opportunities to sell to this government. Hence, we devised a directory of government purchasing agents and their requirements and how to contact them. We distributed 35,000 of them to small businesses. For the first time in this province we had a whole host of small businesses having one little directory with the names of everyone they needed to know and some indication of the purchasing requirements of all of those people throughout the provincial government.

I have to believe that in the next year or two we are going to see a heck of a lot of more small businesses selling to government simply because we have made this information available. Our field staff is working with that information with small business people who are responding to that to try to put them in a position, if they aren't currently equipped to meet some of those contracts, to get those contracts.

Finally, I would point out to you that since we appointed John Laschinger as our small business trouble shooter we have had some marked success in Canadian sourcing. You may have heard about the Massey Hall seat purchase. I referred to it last year in a speech. I won't go through it, but in essence that was a contract that was awarded to a foreign company that was doing most of its work outside of this country. We succeeded in getting the Massey Hall people to cancel that contract, solely because of the efforts we made together with the Ministry of Culture and Recreation to put pressure on them to source those seats in Canada.

The importance was, even though my friends to the left wish it were otherwise, though it went to the Irwin Company, which is foreign-owned, the difference is that company does most, if not all, of the sourcing for that particular contract in Canada.

The point I am making is if we had relied only on a markup policy, then that would not have worked. What we have to have is something that acknowledges not just simple ownership, but things like—dare I say it?—product mandating, what is the Canadian value added in the thing and how do we effectively calculate Canadian value added. We have been working with a proper definition for Canadian value added so that in essence we are looking at jobs, not only ownership, when we award government contracts.

The bottom line of the Massey Hall thing, I might add, is not just that Irwin, a company that has a pretty good corporate record in Canada, got the contract solely as a result of this ministry, but there was a whole host of small firms from which they source that got enormous amounts of business that they simply otherwise would not have got. While Irwin got the contract, the real impact was on the suppliers, which are all small Canadian-owned businesses spread throughout the province.

**Mr. Hall:** This is the multiplier effect of government procurement even at a higher price.

**Hon. Mr. Grossman:** I have to say that one of the values of trying to work at it carefully and avoid simplistic solutions such as saying, "Let's move it from 10 per cent to 15 per cent," is that people tend to think you have solved the problem because you are willing to pay more rather than being flexible enough to exercise some muscle where you need to, regardless of the markup.

**Mr. Hall:** You can carefully count on support from other more objective authorities like Shepherd, who feels you can grow to great lengths in specific industries.

**Hon. Mr. Grossman:** Yes. I just have a copy of his document. There is something there I wanted to draw to your attention.

**Mr. Hall:** He has been making a point for some time.

**Hon. Mr. Grossman:** He cites, I might add, the efforts of this ministry in this very report.

**Mr. Hall:** Sticking with procurement for a moment, how is Ontario reacting to the latest buy-American law passed by New York State? There is a very efficient steel industry in Ontario which is in some jeopardy with regard to contracts over there. My figures indicate that 35 states have buy-American laws, while we have nothing. What is your thinking about that? I know there are pluses and minuses to it, but how do you feel we can continue to do global product mandating

and overcome problems like this even though we have an excellent, high capacity, efficient steel industry, probably the best in the world?

**Hon. Mr. Grossman:** Let's just begin by saying to date it appears that those what I think to be unfair pieces of legislation are not severely impacting the Canadian steel industry. That may change. You saw my reaction to it, I am sure. We think it is grossly unfair to us. The Premier has raised it with Governor Carey. I raised it in Washington when I was there in February meeting with very high officials in the government. We met with the undersecretary of state, the undersecretary of commerce and the undersecretary of transportation.

11:30 a.m.

**Mr. Hall:** Mr. Kissinger says they are not really listening much to Canadians.

**Hon. Mr. Grossman:** I am also scheduled to appear before the Canadian Senate committee on US-Canadian relations. I accepted their invitation. They asked me if I would come up there and address the issue. At that time I hope to speak on a wide range of issues, of which that is one. All I can assure you is that, happily, in the steel industry it is not impeding us very much to date. In the longer term it is a problem, as I indicated at the time, probably more for what it indicates in terms of the mind-set of Americans and American politicians than for the steel industry itself. That is an issue with which the federal government has to deal head on.

Whether we are talking about the auto pact or the steel industry, I have to say it is my view that the United States is not giving Canada a fair deal on a whole host of matters. The tax treaty that was entered into recently finally resolving the convention tax issue, we think is an example of American overkill. They wouldn't allow their good friends and important neighbours and supporters to the north to do something not for economic reasons so much as cultural reasons. Then they react by shooting the flea with a cannon, and that is symbolic of the relationship that has been built up. I think that is an important issue that has to be addressed.

**Mr. Hall:** Mr. Minister, if the steel industry feels threatened by the buy-American laws, and it is one of the best industries we have in terms of efficiency and ability to compete worldwide, where does that leave us with all of the others that don't have the economy of scale and yet you naturally are encouraging to sell our products abroad? Peter Brophey, to whom you have referred in



statements, has set a good example with Xerox Canada.

He is one who supports stricter enforcement of what are known as Gillespie guidelines for Canadian contents and corporate behaviour of American-owned firms. It doesn't seem to be enough to say you feel it is unfair and you are going to tell the Senate committee this, or tell others that it is unfair. How long is this unfairness to go on without some reaction? This province has some clout.

**Hon. Mr. Grossman:** I can only say to you that we have, in my view, spoken out at every public opportunity and private opportunity on these kinds of issues. We have exercised every degree of clout we can. I would welcome any suggestions you might have as to how we can better attack the problem. We are really anxious to do that and I do intend to address it up in Ottawa.

We have addressed it in Washington. I went down to Washington and it was the first time they had seen a provincial minister down there wanting to get access to high levels. Rodney Grey, who now works for us to help us with those very kinds of issues, was able to get us access in Washington and, I might say, position us better to understand what is going on there politically and otherwise so that we are able to address those issues.

**Mr. Hall:** Some suggestions that we have relate to our own buy-Canadian procurement policies and responsibility for Canadian content and among other things, a code of decent corporate behaviour here. It is not an overnight situation obviously. It has to be a gradual buildup of a stronger manufacturing base here reaching out and needing support, possibly as a last resort, if financial support is not available elsewhere. It also ties into the earlier subject we were on, of lack of skilled workers.

**Hon. Mr. Grossman:** I should only add, to complete the discussion, that we have set up, as you may recall, an office of commercial policy in the ministry, which is designed to pay exclusive attention to nontariff barriers that have been built up in foreign countries which are impeding our exports. That office of commercial policy is now really quite well positioned to advise us on these things and advise on ways to approach them.

**Mr. Hall:** But you haven't taken any initiative to put in place nontariff barriers here?

**Hon. Mr. Grossman:** It becomes a very real question which we must deal with in terms of, is that the way to approach it? Obviously the way to approach it is in a more constructive way, because you end up isolating your-

selves and further fragmenting your already small market. Eighty per cent of our exports go to the United States and if we are going to heighten the protectionist war with the United States that runs a very real risk. I am not for a second suggesting we lie down and roll over.

**Mr. Hall:** The trade is, in billions, not too far apart though, and if they are doing it it obviously causes concern here as well. By the way, you still haven't told me about the money that's going over the border in gas tanks in terms of replacement cost to gasoline on an annual basis.

**Hon. Mr. Grossman:** Sorry, I did promise that. I will get it to you.

**Mr. Hall:** In your procurement, is it very rigid in the employment development fund grants that Canadian sources be utilized?

**Hon. Mr. Grossman:** Oh, yes, it is. They are legally bound. In the cases of the pulp and paper grants, 85 per cent of it must be sourced in Canada and for the balance, where they are not sourced in Canada, they must further notify us I think 60 days in advance of purchasing a piece of foreign equipment, which then gives our people an opportunity to find Canadian suppliers for that equipment, and only after we are unsuccessful in finding a Canadian supplier are they permitted to source offshore.

**Mr. Hall:** In the EDF money that's gone out—and this list changes from time to time and these may not be accurate—I understand something in the order of 37 per cent of the dollar value of the grants went to foreign companies.

**Hon. Mr. Grossman:** I think that's right.

**Mr. Hall:** Assuming that is the case, or somewhere close to that, what reaction do they have when you insist on Canadian sourcing? Is it any problem for them when you ask them to do it, or make it mandatory? Is it a big deal? Do they buck it?

**Hon. Mr. Grossman:** The companies come in to see us and it is made clear to them right off the bat that that is one of the things we look at if they are going to really enter into serious negotiations. Some industries point out that the kinds of equipment they need are just not available here. Our people try to ascertain what the absolute maximum is and we force them to that maximum. They are not arguing. What I am saying is, in almost every case they understand that they have to play ball in the host country, what our industrial goals are, and it's not like we are dragging them in, kick-

ing and screaming. They are usually happy to co-operate.

**Mr. Hall:** Does that reach in at all to the subject of Del Monte and Aylmer in terms of Canadian content, just to touch on that for a moment? You know Del Monte is owned by R. J. Reynolds Tobacco Company. It's kind of scary.

**Hon. Mr. Grossman:** Yes. You would have to take that up with the Minister of Agriculture and Food if you really want to get into that.

**Mr. Hall:** I don't want to take any more time. Mr. Cooke wanted to raise some points this morning which I am also interested in, so I will pass for now.

**Mr. Wildman:** Mr. Chairman, I will be brief, I hope. I would like to ask some questions about the relationship between this ministry and the Ministry of Northern Affairs in terms of initiatives to bring about economic development in northern Ontario. Can the minister clarify for me which of the two ministries is the lead ministry in terms of doing feasibility studies, or funding them, and perhaps proposing provincial assistance for development of secondary manufacturing or other economic development projects in the north? Which of the two is the lead ministry?

11:40 a.m.

**Hon. Mr. Grossman:** It tends to depend upon the specific project, but I can tell you we are working together on that particular thing.

**Mr. Laughren:** Say that with a straight face.

**Hon. Mr. Grossman:** That's true.

**Mr. Wildman:** I think that's correct, it depends on each particular project. I would like to know what it really depends on. Is there any kind of general policy as to which ministry takes the lead in any particular type of project, or is it just sort of an ad hoc thing?

**Hon. Mr. Grossman:** I know you want to put it into a tight little category here, but it very much depends. If you are talking about something with the scope of Algoma Steel's expansion, obviously my ministry just has more expertise in that area. If you are talking about tourism, including or excluding Minaki Lodge, the fact is—

**Mr. Wildman:** We are not sure yet.

**Hon. Mr. Grossman:** —what would happen is Northern Affairs, which obviously has more officers throughout the north than we do, is in a position to establish some good

leads and bring them in to the Northern Ontario Development Corporation and us, and some of our tourism field staff, to work with them in developing some specific proposals. Northern Affairs is also working with us, as a good example, on the prospects for a DREE tourism agreement and in that case Treasury is the lead ministry. It is not a case where we would go in as the Ministry of Industry and Tourism and say, "Here are our priorities in terms of where that money should be spent." We would do that only after consultation with Northern Affairs, which has given us some pretty good—

**Mr. Wildman:** What about in terms of the development of industrial development commissions and the funding for those kinds of organizations, in terms of a number of municipalities or an area getting together and forming an industrial development commission and perhaps having a study done as to what the economic possibilities might be for that area? How is the funding shared between Northern Affairs and your ministry for that kind of a committee and the studies that type of committee might do?

**Hon. Mr. Grossman:** I think it is safe to say that we do come at them one at a time. I can think of North Bay, not in industrial terms but in terms of the cross-country ski thing. We did a lot of the work on it. I guess it is safe to say that my field staff out there was the catalyst that brought it together and made it happen, but we were able to convince Northern Affairs and, quite properly, Northern Affairs was there with the budget to support those kinds of things. So the funding was provided by Northern Affairs. We provided the on-the-ground field staff.

With regard to the kinds of studies you are talking about, industrial development in those communities, we very much encourage those things to happen. In fact, what we find most often in southern Ontario is you get instances—Brantford being one—where we will get together with Treasury and jointly fund a study. I guess Niagara Falls is another one, I think Toronto is another, Hamilton is another, where we in southern Ontario get together with Treasury and jointly fund that sort of study. In northern Ontario, because Northern Affairs was set up to carry some of the budget and decision making for northern Ontario, we will joint-venture with MNA in funding those studies.

**Mr. Wildman:** Okay. I just want to make clear that, unlike the Liberal caucus, our caucus is not in favour of doing away with Northern Affairs.

**Hon. Mr. Grossman:** Except for Bud Germa

**Mr. Wildman:** What we are a little concerned about is the fact that there doesn't seem to be any real delineation of that ministry's role in this kind of process. If you compare it, as the minister himself has done in the past, with western provinces, comparing that ministry's role in northern Ontario to the Department of Northern Saskatchewan, for instance, the Department of Northern Saskatchewan has a far greater role.

It is basically not just a co-ordinating ministry but one that analyses the problems, carries out the studies for planning and has a co-ordinated approach to economic, social and service delivery in that part of the province. Then it delivers. That is not the case here. That is why I am trying to get some clarification of the relationship between the two.

For instance, Northern Affairs is not responsible for NODC but your ministry is. Obviously, NODC is part of the development corporations. It has an important role to play in stimulating economic development.

**Mr. Eakins:** You are saying that two ministries are doing the same thing.

**Mr. Wildman:** I am not sure of it.

**Mr. Eakins:** That is a good question. I would like to know the answer to that too. It seems Northern Affairs and Industry and Tourism are basically doing the same thing. In fact, Northern Affairs makes many of the announcements from Industry and Tourism. It is a good question. I would like to hear some comments on it.

**Mr. Wildman:** That is a fair question. I would like to hear the answer too.

**Mr. Eakins:** What is the difference?

**Hon. Mr. Grossman:** I think the comparison I made with regard to southern Ontario and our role with Treasury is a fair comparison because what we really want to do is marshal all the resources we can.

To give you one example in the small business sector, in developing small business in northern Ontario, MNA has more field staff out there and is in close contact with the small business people throughout the north. We have some offices but Northern Affairs is up there and is on the site more often. I have a small business development branch. The Ministry of Northern Affairs in no way could support the kind of expertise, the talent, the staff and salaries that my small business development branch has and which is in place to serve all of Ontario.

**Mr. Haggerty:** Do not let the Minister of Northern Affairs (Mr. Bernier) hear you say that. He will not be too happy with that.

**Mr. Wildman:** Neither one of them is doing anything.

**Hon. Mr. Grossman:** That is not true. What we are doing is making the resources available to the north that the Ministry of Northern Affairs and a ministry for eastern Ontario, for that matter, could not afford to carry by themselves. Because of the funding of my ministry and the fact that we have to attract people like the John Laschingers of this world, we have to put them in an Industry ministry to cover the whole province. They are available to northern Ontario.

As an example of how we run the small business management development program, we ran 10 in the north this year and helped approximately 250 companies. Northern Affairs co-operates by funding situations where we get more than 25 companies in a town or community. They also advise us as to where the delivery of the programs we developed here would be most sensible and they help advance that for us.

While we take a lead in developing a program and acquiring the expertise to deliver that program, MNA is there to supplement our activities, expand the client group and give us more on-the-site information. As a result, we get the kind of expertise that only a province-wide ministry of industry and small business can devise. We get on-site delivery and advice and, when necessary, extra financial assistance for the program from MNA when it is required.

**Mr. Wildman:** Can I use a specific example that might help clear this a bit?

**Hon. Mr. Grossman:** Surely.

**Mr. Wildman:** In my area, there is the North Shore Development Association which was formed under the aegis of both your ministry and the Ministry of Northern Affairs. There is a Dr. Lupton in the Ministry of Northern Affairs in the Sudbury office. He has been involved with them, as has your field staff in Sault Ste. Marie. They hired a consulting firm named Beaumont Majors to do an economic development study in the area.

I will not go into this, but it is quite obvious to everyone concerned, the Ministry of Northern Affairs, the development association and your ministry, that Beaumont Majors did not do a good job. It was an inadequate study. It was a sort of an economics 101 course that they came up with. Not only that, they did not even live up to



what they said they were going to do when they were hired. The reason they were hired was they said they were going to do certain things but then they did not do them. They did not tell anyone anything people did not already know.

11:50 a.m.

I understand the cost of that study was somewhere in the range of \$23,000 to \$27,000. Who is responsible for paying that, and who is responsible for deciding whether or not it should be paid if an inadequate job has been done? The deadline is long past. I do not want to get into the actual problem of the study itself. What I am looking for is who is responsible for deciding whether an adequate job has been done and for paying the cost, or is it shared in some way?

**Hon. Mr. Grossman:** The Ministry of Northern Affairs of course.

**Mr. Wildman:** Then I will go after them about it.

As an aside, in the King Mountain tourist project how much was paid for the feasibility studies? Who was responsible for paying for them? Was it your ministry or Northern Affairs.

**Hon. Mr. Grossman:** As I recall, it was shared by two or three ministries. I think we paid one third.

**Mr. Croll:** I think the government paid something like two thirds and the other developers, of whom there were several, paid one third.

**Hon. Mr. Grossman:** MNA paid one third, MIT paid one third and the developers paid one third.

**Mr. Wildman:** Do you know what the total cost of the study was?

**Mr. Croll:** I believe it was \$75,000.

**Hon. Mr. Grossman:** I should say I am fairly optimistic on King Mountain.

**Mr. Wildman:** Yes, I know that is the case. In terms of that optimism, without getting into the details of the project, is there an anticipation that the province will be involved in funding? If that is the case, will that funding be for infrastructure? If that is the case, which ministry will it be?

**Hon. Mr. Grossman:** All of that will await determination of the DREE tourism group.

**Mr. Wildman:** Let us go to another example.

**Hon. Mr. Grossman:** Do you not have a federal Liberal member up there?

**Mr. Wildman:** Yes, we do. I encourage him. It is Dr. Foster.

**Hon. Mr. Grossman:** Tell him to get DREE tourism going.

**Mr. Eakins:** He is a fine member.

**Hon. Mr. Grossman:** I know he will be there for the ribbon-cutting, so we will have to get him to move DREE along and get the thing in operation.

**Mr. Wildman:** I will keep that in mind. I will be talking to him in the near future. He is in Africa right now, or just getting back from Africa.

**Hon. Mr. Grossman:** On a study for the DREE northern Ontario program?

**Mr. Wildman:** There is nothing wrong with him going to Africa.

**Mr. Chairman:** You had better get down to business. We have only 50 minutes left.

**Mr. Wildman:** Yes, Mr. Chairman. I have just one other example. In terms of the proposals made by principals from North Bay largely but also Toronto for the possible development of a specialized steel mill somewhere on the North Shore, whether it be in Thessalon, Spragge or one of the other proposals, I understand your ministry in this case has been the lead ministry and Northern Affairs has not been involved. Is that the case?

**Hon. Mr. Grossman:** No, that is not the case.

**Mr. Wildman:** That is what Duncan Allan told me.

**Hon. Mr. Grossman:** He said we were the lead ministry or we were involved?

**Mr. Wildman:** He said you were involved and that Northern Affairs was not involved.

**Hon. Mr. Grossman:** Mr. Allan went up there because he is one of the government's great advisers.

**Mr. Wildman:** I have nothing against him going up.

**Hon. Mr. Grossman:** I am trying to explain our involvement. Our involvement was simply that the discussions had been carried on there.

**Mr. Eakins:** I would just like to hear you explain the difference in their responsibilities.

**Hon. Mr. Grossman:** The North Shore is an example of an instance where if that is something that is going to happen, then the expertise of this ministry is going to have to be involved. In terms of moving it to the stage where it becomes a reality, I think MNA has been involved in talking with the local people up there who want to do some studies. There was a lot of discussion up there, not all of it factual. In order to assist

the thing, I asked Mr. Allan if he would take an afternoon to go up there and do this thing, which he did.

**Mr. Wildman:** I won't get into the tempest in the teapot that has occurred up there. Was the meeting on October 3 in Thessalon arranged at the request of the provincial authorities, the developer or the municipal authorities?

**Hon. Mr. Grossman:** I will tell you the honest answers. I think my colleague, the Minister without Portfolio (Mr. Pope), said to me it would be helpful for everyone if someone like Mr. Allan could go up there and try to get everyone together. The municipal authorities and everyone were getting frustrated.

**Mr. Wildman:** That was my understanding of the situation. If that is the case, who was responsible for deciding whether or not the Ministry of Northern Affairs should be present or, for that matter, who should be present at the meeting?

**Hon. Mr. Grossman:** I can only say I sent Mr. Allan up to a meeting I understood was being arranged up there. I don't know who did the inviting. I presume it was the local people. They were told I was sending up my assistant deputy minister and they got the people together.

**Mr. Wildman:** Has there been a request for a feasibility study in that particular project either for Thessalon or Spragge?

**Hon. Mr. Grossman:** I would like to give you more information, but without Mr. Allan here I cannot.

**Mr. Wildman:** I understand another meeting is going to take place in two or three weeks in Toronto as a result of that meeting in Thessalon. The reason I am asking that question is that there has been some confusion—and it may be on my own part—about the possibility of a request for provincial assistance, either in terms of the feasibility study or in terms of assistance for infrastructure. If that request has been made, does that go to Northern Affairs, does it go to your ministry or, for that matter, does it involve the federal authorities?

**Hon. Mr. Grossman:** I would guess it would involve all three, but to avoid any misunderstanding. I really wouldn't want to answer specifically without having Mr. Allan here. By the way, he is on an urgent and important task for the ministry this morning, trying to save a Canadian industry, and that is why he isn't here. In his absence, it really wouldn't be fair to anyone for me to tell you what I believe the outcome of it

was. I have a fair idea, but I can't be 100 per cent sure.

**Mr. Wildman:** I will talk to him about it. Basically, what you are saying is you would expect that the Ministry of Northern Affairs would be involved and perhaps the federal government as well.

**Hon. Mr. Grossman:** If this thing is real, we would all be involved, I think. It is the same as King Mountain. I wish we could get the feds involved in Minaki.

**Mr. Wildman:** CN was at one point.

**Mr. Eakins:** You don't want the Minister of Northern Affairs to take responsibility for Minaki, do you, or have you decided that one?

**Hon. Mr. Grossman:** I have decided, but I am not sure you would agree with me.

**Mr. Wildman:** I have one other question with regard to the Northern Ontario Development Corporation and the list of Ontario Development Corporation loans that was given to us at the beginning of the estimates. I haven't been able to find a legend. Could you tell us what the various initials stand for under type of loan? I know what an OBIP loan is, but what are ES, DR and TO?

**Hon. Mr. Grossman:** ES is export support loan. What else have you got?

**Mr. Wildman:** DR.

**Hon. Mr. Grossman:** Here is Mr. Tully.

**Mr. Tully:** The DR loans are the flood relief loans provided to tourist operations.

**Hon. Mr. Grossman:** Disaster relief? Is that what it is?

**Mr. Tully:** Yes, disaster relief.

**Mr. Wildman:** What is TO?

**Mr. Tully:** That is tourist operations.

**Mr. Wildman:** My interest in this is that according to this list you have 72 loans in northern Ontario. When you look over at the other side, it says, "Projected additional employment, first year and fifth year," for 38 of those. You have an N/A beside them. I would expect that means not applicable and I can see why they wouldn't be applicable for disaster relief. I didn't know what the DR was, but why not for tourist operations? Why would it not be applicable for a tourist loan?

**12 noon**

**Mr. Tully:** A number of the tourist loans, particularly the smaller ones, don't really involve additional employment on a permanent, year-round basis. They involve some modest expansion. Those ones would gen-

erally be for a small amount of money, with basically the same operators.

Hon. Mr. Grossman: Here is Dunc Allan.

Mr. Wildman: Oh good. All right, that explains that. I was just wondering why over half of them were not applicable.

Mr. Tully: I think those disaster relief loans, there are 20 or 25 of them in there, wouldn't involve any employment increase.

Mr. Wildman: I have one question for Mr. Allan, and it is a friendly one, not an unfriendly one, I want to make that clear. My question to the minister—and he couldn't answer it, I think for quite a good reason—was what involvement Northern Affairs has had in the proposals made by Normanco, and has there been a request for provincial funding, in terms of either a feasibility study or for infrastructure for a possible development at either Spragge or Theassalon, and if so, what involvement Northern Affairs might have in that as opposed to Industry and Tourism?

Mr. Allan: I can't speak for Northern Affairs' involvements with Ed Diebel and his associates over a long period of time, but I can tell you they did send a representative to the Theassalon meeting, a fairly junior representative, but he represented Northern Affairs.

I guess we were there to make sure they had fleshed out their idea. The idea was a bit of a pipe dream because it kept changing shape and form and dimension and time during the afternoon, so we tired to harden up who the principals were, whether they were serious, whether they had any money or they knew what the hell they were doing, and how we might help them. That process is still going on.

Mr. Wildman: You have another meeting in another couple of weeks probably.

Mr. Allan: We put the ball squarely in their court to answer four things. So far they haven't answered any and they haven't come back, but when they are ready to come back and answer those four things we are going to play with them.

Mr. Wildman: Would you agree with the release that was put out this morning by Mr. Ed Diebel that—

Mr. Allan: I don't agree with any of those. When we got up there the Elliot Lake newspaper had headlines that high about a half billion dollar steel mill.

Mr. Wildman: That's right.

Mr. Allan: That is the way it works in the north.

Hon. Mr. Grossman: What is the next vote, Mr. Chairman?

Mr. Wildman: Do you agree with Mr. Diebel's release that was put out today that the meeting in Theassalon was called at the behest of the Ministry of Industry and Tourism and the ministry was responsible for determining who was invited?

Hon. Mr. Grossman: Hold on a second while I tell Dunc what to say.

Mr. Allan: No, the meeting was arranged by Al Pope, as you know.

Mr. Wildman: Yes, I knew that. I had no objection to that.

Mr. Allan: I don't know why you weren't invited or if you wanted to be invited or whatever. I told you to call Pope if you wanted to go to the meeting. It was an interesting meeting.

Mr. Wildman: And they had no objection to my being there. There seems to be some confusion as to that. I won't go into that, I don't think there is a need to here, but at any rate—

Hon. Mr. Grossman: Let me clarify, you are welcome to attend any meeting.

Mr. Wildman: Yes, fine, that I would be interested in.

Mr. Allan: It was kind of that initiative, and the Theassalon senior citizens' hall, the town hall or something, was where we met. We met for three hours and I think we clarified it, or at least we got it down so you could grapple with it.

We offered to undertake some basic studies. Instead of spending a lot of money, we wanted to use the expertise and the facts available in terms of markets and different points of view or facts that could be assembled in terms of the feasibility of this thing without blowing \$200,000 or \$300,000. It is worth while investing some time and effort in assembling facts before you run off and commission a study of some kind.

Mr. Wildman: Has there been no specific request at this point for \$200,000 or \$300,000?

Mr. Allan: Oh hell, they wanted \$17 million when we went in.

Hon. Mr. Grossman: What is the next vote?

Mr. W. Newman: Mr. Chairman, I have several questions. I am sorry Mr. MacDonald has left, but I did tell him I was going to have something to say about what he said, and that if he would like to stay it was entirely up to him. I am sure you will pass it on to him.

I start out with the basic premise that I happen to believe, and my party believes,



that a farmer has to make a living at what he is doing to start with. If a processor is going to be in business, he has to make money or he is not going to get into it.

This grandstanding—if that is a word I may use I would call it grandstanding—went on in the House the other day about the peach industry, and I just think that is ridiculous. Maybe it is time we put something on the record so people know what this government has done and is doing, and I think it is very important. The member for York South starts talking about the peach processing industry—

**Mr. Laughren:** I thought you said you had a question?

**Mr. W. Newman:** That's right. I am asking the minister, don't you agree with what I am about to say?

**Hon. Mr. Grossman:** Yes, I do agree with what you are about to say.

**Mr. W. Newman:** I just want people in this province to realize that this government has done a great deal for the peach industry, but we sat in the wilderness for 45 years in the tariff structure, and I know he brought that up this morning. I am not even going to talk about that. The tariff changes have been made. They are better, but they are not good enough and they are not what we asked for in this province, but they are there, they are in place, and as a result of that there are more peaches being planted now that can go to the processing industry. I think the Minister of Agriculture and Food gave you the figures the other day that they are up 1,000 tons a year.

But the farmers and the tender fruit board are not dumb either. They want to make a decent living. They can make more money in fresh peaches. Do you realize that this year they sold 29,000 tons of fresh peaches, and that is a fair chunk to chew through? I just point out that the increase in the total peach production this year has been 20 per cent over last year, and it will continue to increase because of government programs, incentive programs to get them to plant clingstone peach trees, and that program is starting to pay off.

I think it is very important. You get carried away with the ruddy cans and your picture in the paper and all of that.

**Mr. Laughren:** What figures of Mr. MacDonald were wrong? Were any of his figures wrong?

**Mr. W. Newman:** He never talked about my figures this morning.

**Mr. Laughren:** Yes, he did.

**Hon. Mr. Grossman:** You were not here, Floyd. He did this morning.

**Mr. W. Newman:** I maybe was not here at first, but whatever figures he used, he probably exaggerated them.

**Hon. Mr. Grossman:** He did. I was here.

**Mr. W. Newman:** I want to also ask the minister this question: Is it not true that whenever FIRA decisions are made regarding the agriculture industry, whether it was the processing or manufacturing, whatever it was, and the employment development fund, there was always consultation, and I assume there still is consultation there, and you were always more than willing to produce funds if we had the proper proposals brought forward in the processing industry? Is that a fair question?

**Hon. Mr. Grossman:** It is not only true to say that there has been that degree of co-operation, but I cannot remember an instance in which the two ministries did not agree.

**Mr. Hall:** What specifically have you done, though, to increase processing facilities of peaches in the peninsula?

**Hon. Mr. Grossman:** I have indicated that there are four employment development fund grants, which have not been announced to date, and that will address some of the questions raised this morning. I cannot announce them right now.

**Mr. W. Newman:** Is it not true that there were a lot of meetings with the processors in the peach industry between the Minister of Agriculture and Food and yourself to try and get them to come forward with proposals to expand their operations or do something with their operations, and they were told, if I remember correctly, that if they put forward a proposal you would do everything you could to help them? Is that not true?

**Hon. Mr. Grossman:** Absolutely. It is. I want to make it quite clear that at no time have we said there is not money available. The availability of money for that industry is not a problem.

**Mr. W. Newman:** The member talked about import replacement and dealing with tariffs and all the other things, but is this not true, Mr. Minister: Are there not a lot of agricultural commodities in Ontario that people are being encouraged to grow more of here? We are on an export basis in many commodities, but I think of peaches, where the production has gone up 20 per cent, we are now into the peanut business in Ontario, we have an expanding apple industry in the

province that is always expanding and will eventually replace import. Is that not true?

**Hon. Mr. Grossman:** Absolutely true, as always. That is far more accurate than the earlier presentation.

12:10 p.m.

**Mr. W. Newman:** It is a lot easier to answer those questions when you are the minister than if you are a member trying to get your points across.

Interjections.

**Mr. W. Newman:** I am talking about the programs that got started. You fellows don't even realize what is going on in the government. That is your problem. I am trying to sink into your thick heads exactly what is going on.

I would like to ask a further question about the Bruce generating plant and the potential there for greenhouses, for agriculture, for industrial development. Maybe you could answer this. I don't know how reliable this is, but I have been told the potential saving in energy by utilizing high pressure steam, or whatever it is—I am not fully aware—is equivalent to about 100,000 barrels a day.

**Hon. Mr. Grossman:** I am going to risk inviting Duncan Allan, who has been handling that for us, to respond.

**Mr. Allan:** Mr. Newman, there are a couple of attempts already under way near the Bruce, as you know. There are some small greenhouses in the starting process. I don't think they have all the facts in as to what the energy savings are by upgrading that steam.

Inco is also trying to put some tomato growing over some of their vents. I am not sure how they are finding the economics, but it is sufficiently attractive that people are at least putting them up on a pilot basis to see what those energy savings turn out to be.

We are interested in working with anybody in the Bruce area in terms of what you can get in spinoff industrial development. That includes greenhouses, fish or a whole lot of things. So far it has been on a small scale, but it has to have some considerable promise or I don't think we would even see the pilot projects.

**Mr. W. Newman:** Is it not true the consortium, along with the co-operation of Hydro, has already started the retrofit in that plant?

**Hon. Mr. Grossman:** It is the Ontario Energy Corporation which is co-ordinating this.

**Mr. W. Newman:** I have a lot more questions, but in the interests of time I won't make any more comments. The minister has worked well with the Ministry of Agriculture and Food, this government works well together and all you fellows want to do is tear it down. You never offer anything constructive. I want to have that on the record.

**Mr. Haggerty:** About a year ago, Stella Ziff, the mayor of Fort Erie, and myself met with the staff of the Ministry of Industry and Tourism along with the staff of the Ministry of Consumer and Commercial Relations concerning the rumours the Fort Erie racetrack would be closing down its operations there. Has your ministry done any studies in this area to see if it was justified or warranted to close down this large industrial complex in Fort Erie, which employs a number of persons year round and for about five or six months of the year?

**Hon. Mr. Grossman:** What we were asked for at that time, as I recall, was some assistance in making sure Fort Erie was given every chance possible to survive. I think you will have seen some special attention being given to Fort Erie racetrack in our tourism advertising this year.

**Mr. Haggerty:** I was later concerned that there was a decision made by somebody in one of the government ministries to give the Ontario Jockey Club permission to run thoroughbred racing in Toronto in the evenings in opposition to the two harness racing tracks at Mohawk and Flamboro Downs, which were objecting to it.

**Hon. Mr. Grossman:** Those decisions are made by the Ontario Racing Commission.

**Mr. Haggerty:** Yes, but I am sure it has to be done with some cabinet approval.

**Hon. Mr. Grossman:** No, the racing commission allocates racing—

**Mr. Haggerty:** The St. Catharines Garden Raceway has gone down the pipe and what is going to happen is the other harness racing at Flamboro and Mohawk will go down too if you permit opening up of other racing nights in competition with the harness racing.

**Hon. Mr. Grossman:** All I can report to you from my days at the Ministry of Consumer and Commercial Relations—and the Ontario Racing Commission reports to that ministry—is that the commission does make its own decisions. I think that is the right way to deal with it. Secondly, it is very sensitive—and the reason it is there—to allocating racing dates as fairly as possible without putting anyone out of business. Ob-

viously, the racing commission is very aware of the Fort Erie situation.

I can remember when I was there they were being criticized by some tracks for refusing to give them additional racing dates. The ORC was refusing to give additional dates because it would have taken some business away from Garden City. They were trying to protect Garden City and not give racing dates to others that would have affected Garden City. All I am saying is that the racing commission really is aware of the economics of those, understands them fully, has all the books and figures and allocates racing dates so as to protect those that need some protection.

**Mr. Hall:** Garden City has been sitting idle ever since. The municipality of Niagara-on-the-Lake would like to have an industrial park there but it runs up against flak from another ministry. It is really a shame.

**Hon. Mr. Grossman:** If you think an industrial park there is warranted, that will come under the study of the whole area that is currently being funded by my ministry and Treasury.

**Mr. Haggerty:** Someone in your ministry is looking into the matter about the Fort Erie racetrack?

**Hon. Mr. Grossman:** The tourism division is.

**Mr. Haggerty:** Have you done any economic studies on that particular area? If they did choose to close it down there would be quite an economic impact on that community with a loss of jobs and business assessment and the service industries would be affected by it.

**Hon. Mr. Grossman:** The employment development fund has a pretty good record in that area. Our ministry has really been working very hard with Fleet to make sure they get a big share—and they are going to get a big share—of the offset business on the fighter aircraft. I hope the economic study that is going on, currently funded by the two ministries, will give us some further indication of where the needs are.

**Mr. Haggerty:** They have increased their payroll and their employment is up to 940 from about 500 a year or so ago. It looks promising in the Fort Erie area, thanks to the aircraft.

**Hon. Mr. Grossman:** I addressed Mr. Hall's question earlier. Obviously, I cannot take credit for all those jobs, but we did work closely with Fleet. We played a major role in putting them together with the opportunities.

**Mr. Haggerty:** I have written a letter to the federal government and to de Havilland Aircraft to indicate that there is a possibility for a good site for de Havilland's locating in the Fort Erie area. I received a reply from the vice-president of de Havilland and I am delighted to say they have chosen three sites as a possibility for the new de Havilland aircraft industry in Ontario. I do not know what input your ministry has made, but there is a good indication that it is going to be located some place in Ontario.

**Hon. Mr. Grossman:** We played a very major role in encouraging the federal government to ensure that de Havilland not be fragmented. Partly as a result of our efforts, the federal government has agreed that de Havilland Dash 8 projects will occur in Ontario and has confirmed that.

**Mr. Haggerty:** I would suggest they look over the site in Fort Erie because they do have an airstrip there that would handle the Dash 7, 8 and 9.

**Hon. Mr. Grossman:** I do not know where de Havilland will ultimately decide to go.

**Mr. Haggerty:** I thought perhaps you could announce today that you had some idea where it will be located.

**Hon. Mr. Grossman:** If it were in Fort Erie, I would be there to announce it, rather than tell you and let you drive out there first. De Havilland will likely make the announcement before either one of us when they decide.

**Mr. Haggerty:** Have you any idea when they will make that announcement?

**Hon. Mr. Grossman:** I think it is fairly imminent. I know they have carefully canvassed a dozen sites at least to make their short list.

**Mr. Haggerty:** I think they had a longer list than that, but they have said they have broken it down to three particular areas.

**Hon. Mr. Grossman:** They had a long list. They got down to 12 and then down to three. 12:20 p.m.

**Mr. Haggerty:** The other area I was concerned about and which Mr. Hall mentioned was the gas situation in the town of Fort Erie. Any border city has a problem in looking after the number of tourists who come over to purchase gasoline in Fort Erie. I suppose you are well aware that each tankful of gas they receive is subsidized by about \$7 or \$8 a gallon. It has caused some problems for Fort Erie.

**Mr. Hall:** It is about \$7 or \$8 a fill-up. It is about ten cents a litre.



**Mr. Haggerty:** A tankful of gas is being subsidized by about \$8.

I was looking at the automobile industry and one of the things that was brought to my attention was the ads run on television stations in the past five or six months, where a rebate is given on the purchase of a Ford, General Motors or Chrysler car in the United States. People thought they were going to get the same deal here in Canada. Why shouldn't they get a rebate? It was \$400 or \$500. The only time they did get a rebate was when the Treasurer (Mr. F. S. Miller) announced a \$500 rebate on the larger vehicles that were bought here some time last January.

**Hon. Mr. Grossman:** A great program by the government.

**Mr. Haggerty:** I was just wondering if it is fair to the people in Ontario that they couldn't share in the giveaway the automobile industry was giving to American buyers of automobiles? Should it not have been the same here in Ontario and Canada?

**Mr. Hall:** He is talking about the industry giving it away, not the government.

**Mr. Haggerty:** Yes, the industry was giving it away, not the government.

**Hon. Mr. Grossman:** I can hardly be responsible for that.

**Mr. Haggerty:** We are talking about fair competition.

**Hon. Mr. Grossman:** I can only say I believe their decision was based upon sales, and sales in Canada were holding up. In other words, they didn't have the problem.

**Mr. Haggerty:** Yes, but the government got involved in it here.

**Hon. Mr. Grossman:** Yes, but we got involved in a different program. In the United States, it was the Big Three who were basically involved in rebate programs to get their 1980 models sold. The program brought in by the Treasurer for the month of February, as I recall, was a one-month program designed to get 1979 models moved off the lot. The purpose of that was to help the small businessmen who are the dealers throughout the province who couldn't afford to carry the inventory they were stuck with from 1979. Therefore, it really was a program designed to help the dealers in getting rid of inventory rather than one designed to sell 1980 models.

**Mr. Haggerty:** That is the same thing that the automobile industry was doing in the United States, getting rid of the inventory. Don't you think when we have an auto trade pact, when they give these particular sales

gimmicks away and reduce the cost of the cars that it should apply in Canada as well? Don't we have some reciprocal agreements of this nature?

**Hon. Mr. Grossman:** The only provisions in the auto pact were ones which you know well and which were designed in the longer term to bring car prices closer together in terms of retail price.

**Mr. Haggerty:** There is still a widespread difference here in Ontario in buying cars.

**Hon. Mr. Grossman:** I have said so in some of my speeches. I might say the Big Three went into cardiac arrest when they read my speech saying there was still a differential. They claim there is not.

**Mr. Haggerty:** I think the government should be taking steps, particularly your ministry, to get into comparison buying by the people in the United States and people in Ontario.

**Mr. Cooke:** Mr. Hall said we shouldn't do that.

**Mr. Haggerty:** You have had two and a half days of this, so just listen.

It has been brought to my attention that people in the Fort Erie area have been going over to the United States and buying lumber supplies. They can go over there and buy plywood that I understand has been manufactured in Ontario for about half the cost here.

**Mr. Cooke:** We brought that up before.

**Mr. Haggerty:** I think we can go back to Mr. Stokes on that. We brought this to the attention of the ministry some eight or nine years ago and it still continues.

They can buy plywood for far less over there, bring it over, pay the duty on it and be money ahead even with the exchange on the Canadian dollar, though it has been manufactured here in Ontario.

**Hon. Mr. Grossman:** Are you saying that is Canadian plywood?

**Mr. Haggerty:** Canadian plywood, I understand.

**Mr. Bounsall:** Everyone in Windsor does that with cedar shingles.

**Hon. Mr. Grossman:** With regard to plywood, my deputy, who comes from that industry, reminds me that there is a very substantial tariff going into the states for that plywood, so it would be unusual for that to be the case. If Mr. Swart hasn't turned it up in Niagara Falls, I don't know who is doing it.

**Mr. Haggerty:** The same thing happens with home insulation. You can buy it over

in the states for about one third the cost you can purchase it here.

**Mr. Hall:** Any kind of plywood?

**Mr. Haggerty:** This is for home building.

**Mr. Hall:** I know, but even at that there is quite a variety.

**Mr. Haggerty:** You want to believe it. Of course there is. I don't think they are on the metric system over there either.

**Mr. Bounsall:** The less finished the better the deal.

**Mr. Eakins:** It is too bulky for Mr. Swart to bring back.

**Mr. Haggerty:** We should be making some study in this particular area, because I think people here in Ontario have been taken by some of these deals, exporting lumber over there and bringing it back.

**Mr. Hall** mentioned the steel industry in Ontario. There is an industry in Fort Erie that manufactures farm industrial loaders. It had difficulty in purchasing steel a few years ago. They couldn't buy it here. They had to go through the states some place with paper-work and almost buy the same steel that was manufactured here, but the price was a lot higher.

**Mr. Hall:** That is the middle man.

**Mr. Haggerty:** I don't know, but if you are really concerned about the small businessman, you should be looking at it. I was going to talk about the insulation, which you can buy much cheaper in the states but you can't bring it across, because some place over here it is so tied up that the industry says you can't buy it there, and look at the price of that.

If you really want to do something for the consumers in Ontario you should have somebody in your ministry doing a comparison buying study between certain things.

**Mr. W. Newman:** What about Mel Swart?

**Mr. Haggerty:** I understand he is looking for a provincial appointment. Maybe this is the area. He is like Mr. Martel.

**Mr. J. Johnson:** Is he looking for one too?

**Mr. Haggerty:** Certainly he is.

**Mr. Wildman:** Mr. Swart will be making the appointments in the near future.

**Hon. Mr. Grossman:** If I open up a field office in Buffalo, Mr. Swart will get the job.

**Mr. Haggerty:** In this particular area, you should have somebody in your ministry doing this as it relates to small industries that have to buy certain manufacturing parts for their industry. There is a place in Buffalo, Farm and Tractor, where you can buy tractor parts

and farm machinery. It is just a giveaway over there compared to what you have to pay for them in Canada and Ontario.

I suggest that some place along the line somebody has got to take a look at this thing. If we are looking for an economic partnership between the United States and Canada—and I think this is the trend we will eventually be looking at—we have got to bring in a different price range on many of these goods. One area is the automobile industry.

**Mr. Eakins:** I have a supplementary on wood products. I notice around all the trees at Queen's Park all those little wood chips come from North Carolina. Can they not be produced here?

**Mr. Haggerty:** Buy Canadian.

**Mr. Eakins:** Can they not be produced somewhere in Canada? Can we not purchase those in Canada?

**Mr. Bounsall:** We don't have enough wood.

**Mr. Eakins:** That's right. Take a look at all the trees with all the wood chips. They are from North Carolina, every one at every Queen's Park tree.

**Hon. Mr. Grossman:** My deputy advises me it is southern pine, which is difficult to acquire in northern Ontario.

**Mr. J. Johnson:** You were dealing with a company in the village of Arthur in Wellington county that will be making bark chips next spring. Hopefully, you can suggest to the Minister of Government Services (Mr. Wiseman) to buy the chips from this new company that you are helping to establish in the village of Arthur.

**Hon. Mr. Grossman:** Send us a dozen.

**Mr. Haggerty:** I just wanted to bring that to your attention. I think it is time you did some study in this particular area.

**Hon. Mr. Grossman:** The Minister of Consumer and Commercial Relations (Mr. Drea) is doing some of that work in a couple of areas, and so is the federal ministry. I must tell you that my job is to build up industry in Ontario to world-scale competitiveness.

**Mr. Haggerty:** You can't compete with them over in the states.

12:30 p.m.

**Hon. Mr. Grossman:** I am just talking about what my mandate is. My mandate is to build up our industry.

**Mr. Eakins:** Are you still using Toyotas in your building down the street here?

**Hon. Mr. Grossman:** Toyotas?

**Mr. Eakins:** Yes.

**Hon. Mr. Grossman:** No. That's the NDP parking lot.

**Mr. Eakins:** No, no, the forklift trucks in your ministry.

**Mr. Haggerty:** Yes, it's the buy-Canadian thing, you know.

**Hon. Mr. Grossman:** You are getting confused with Jim Deeks's new Honda.

**Mr. Eakins:** No, I am just talking about within the ministry. Let's answer the question. You have a fleet of Toyotas down here, forklift trucks I believe they are.

**Hon. Mr. Grossman:** Do we have any Toyotas in your ministry?

**Mr. Eakins:** Yes, you have.

**Hon. Mr. Grossman:** Not that we are aware of.

**Mr. Haggerty:** It's right across from the Sutton Place. You can see it every time you pass.

**Hon. Mr. Grossman:** I will check. I would be surprised if we owned a Toyota. We mainly own Chryslers.

**Mr. Eakins:** You will be very surprised.

**Mr. Cooke:** Mr. Chairman, I would like to spend a few minutes on this. I know we have only 10 or 16 minutes left to talk about the auto industry, but with it being the most important industry in this province in terms of manufacturing I think it's unfortunate that we didn't get to spend more time on it.

I was going to read a lot more of this submission to the minister, a submission by the government of Ontario to a royal commission on the auto industry dated October, 1960.

**Hon. Mr. Grossman:** I would be interested to hear that.

**Mr. Cooke:** The reason I found it very interesting is because I think the only thing you would have to change in it is the date. The issues are exactly the same in the auto industry today as they were 20 years ago. Let me read the second page of the conclusions. Maybe we can have some order in here so I can hear myself think, Mr. Chairman.

**Hon. Mr. Grossman:** I have to tell you—I am not the chairman of this committee—but you guys heckled the Liberals when they were speaking, heckled Bill Newman when he was speaking and now you are complaining that you want some order and some peace and quiet.

**Mr. Cooke:** We were not heckling, we were talking.

**Mr. Eaton:** What time is adjournment?

**Mr. Cooke:** About 15 minutes. If you let me finish we will be done in 15 minutes.

**Mr. Eaton:** That's what I wanted to know, what time we adjourn. What time is adjournment, Mr. Chairman?

**Mr. Chairman:** It is supposed to be at a quarter to one. I am not going to allow much more time. If you fellows want to carry on business, all right. If not, these four votes are going through.

**Mr. Cooke:** May I continue now? On the second page of the conclusions of this report, and I will read them to the minister, it says: "The rapid absorption by the Canadian domestic market of foreign imports has been due to the diversion of consumer purchases"—and this is where one change would be—"to European models"—and now it's Japanese models—"away from the North American-type automobile. The major factors which have increased the popularity of the European vehicle in Canada are lower price, economy of operation and ease of handling in congested traffic." That really hasn't changed all that much.

In their recommendations they say, "We recommend that the government of Canada and the motor vehicle companies re-examine existing policies with a view of increasing Canadian content in Canadian vehicles and establishing research in Canada."

That was written 20 years ago.

**Hon. Mr. Grossman:** That's all clearly our fault.

**Mr. Cooke:** When it talks about research and development it says: "It is recognized that a great deal of research in connection with motor vehicle production is inevitable to be carried out by the major United States motor vehicle plants. However, we believe that such companies should establish branches of their research organizations in Canada and assign them special projects." You have made a lot of progress there too. We have not got much in the way of research.

**Hon. Mr. Grossman:** Everything you have we arranged, though.

**Mr. Laughren:** It's a tribute to how little you have done.

**Hon. Mr. Grossman:** I see.

**Mr. Cooke:** I am not going to read much more of the report. There are other things I want to talk about. The minister should take a good look at it though. It is interesting reading and it shows how, even though we have the auto pact now, we have had a Tory government here in this province for



20 years, a Liberal government in the federal House for almost all of that period of time, and really no progress has been made in changing around the automobile industry to make sure that we have the proper Canadian value added into the cars that are built here so that we have a proper balance in the auto parts, so that we have research and development, so that we have more skilled trades jobs in this province in the auto industry rather than just assembly line jobs.

One of the real concerns our party has is that you consistently say the automobile industry is going to turn around and then the 25 per cent or higher unemployment rate in the UAW right now, in the auto plants, will also benefit. The statistics we have from the auto companies as to investment over the next number of years and what they are now producing and what they plan on producing, show very clearly that we are not getting our fair share of new investment, and that when the market picks up in the United States we are not going to be in a position to benefit from that pickup in the market.

The best example of that is at Chrysler right now, where the K cars are being built in the United States and we build the Cordoba and the Mirada, so we are having continued layoffs. It is my understanding that Chrysler is looking at bringing more models into Windsor in the spring, and the kinds of models they are thinking of bringing in are not the K cars but more medium and large-size cars, and they are thinking of converting another plant in the United States into producing K cars.

I cannot understand why that would be allowed to happen, especially after the type of arrangement that has been made with the federal government and your participation at the provincial level.

Further, I wonder if Chrysler, in particular, is going to have any chance at all at meeting its obligations under the auto pact this year when car sales of their bigger cars, the ones they produce here, are not going well at all. I think we have to say to the company that if it is going to have to reconvert another plant in the United States to K car production, Canada should be in line for that production. It should not be in Detroit, it should be here in Ontario.

**Hon. Mr. Grossman:** I presume from your remarks you are blaming the provincial government for the shortcomings of the auto pact—

**Mr. Cooke:** I am blaming you for not putting anything in writing. I do not know what your position is on the auto pact. When

you were in Windsor speaking to the chamber of commerce lunch you said you were not going to comment about the auto pact because everyone knows Ontario's position. What the heck is your position? How are you going to make the auto pact work, and what do you suggest to Herb Gray to make the auto pact work so that we get the 100 per cent value added that you told the association of auto parts manufacturers you supported? How do you propose to do that?

**Hon. Mr. Grossman:** The reason I said in Windsor that there was no point in my taking their time to outline where we stood on those issues was because I presumed that most people in the room—obviously excluding yourself—had read the great number of statements we have been making with regard to those very issues. I thought most people in Windsor would be informed of those positions, and I think most people in Windsor are informed of those positions. You may not have read them.

**Mr. Cooke:** It just says your goals, it does not say how you are going to accomplish them.

**Hon. Mr. Grossman:** You may not have read them and you may not agree with them, but there they are.

**Mr. Cooke:** I have read them.

**Hon. Mr. Grossman:** It's just inaccurate for you to pretend that I ignored it or went to Windsor and said blithely that I was not going to deal with it, because you know we have been addressing that issue for quite some time.

Second, you are trying to lay on this government blame for the fact that Chrysler is not building the kinds of cars in Canada that you want it to build, and I have to say to you that I was not part of the arrangement made to provide the main assistance for Chrysler. I was part of acquiring a research and development facility for Windsor and that was all.

However, the UAW was fully supportive of the deal Mr. Gray made, and I suggest to you that if you or the UAW thinks—

**Mr. Laughren:** They are not supportive of what has happened to the auto industry.

**Hon. Mr. Grossman:** I know, but your colleague over here was saying he did not understand how the government could have allowed Chrysler to get away with not making the small cars in view of the fact the federal government had given the company money, and that is the issue I am addressing. All I am saying is that you might call your friend, Bob White, and ask him why he supported the federal deal, why wasn't he or Herb

Gray able to get that kind of production in Canada. I do not know what his answer might be.

**Mr. Cooke:** You were aware of the terms of the agreement between the federal government and Chrysler. I am sure you have a copy of that agreement and I would assume you would be very interested in having the letter and the spirit of that agreement enforced, which means nine per cent of the North American employment in Canada, basically Ontario. I assume you are going to make sure that figure is enforced.

**Hon. Mr. Grossman:** I am not a partner to the agreement.

**Mr. Cooke:** I realize you are not a partner, but you have a role to play to make sure that agreement protects the workers in the industry, whether in Windsor or any other place in the province.

12:40 p.m.

**Hon. Mr. Grossman:** Mr. Chairman, I am quite willing to let Mr. Cooke use the remaining five minutes to get everything on Hansard that he wants to get on for his constituents. On the other hand, if he wants me to respond to some of the weird accusations he has made I will be pleased to use the five minutes in responding.

**Mr. Cooke:** Let us hear some real response then.

**Hon. Mr. Grossman:** But he has to let me respond, otherwise he can read in everything he wants to read in.

**Mr. Laughren:** Who are you entertaining now, Larry?

**Hon. Mr. Grossman:** I am trying to inform, not entertain.

**Mr. Laughren:** Your staff?

**Hon. Mr. Grossman:** With regard to my staff, it is good for them to come here and see who they would be working for if we ever lost. That is the best motivation I can give them.

**Mr. Laughren:** That is an assumption. They will applaud at the right time. Go on, carry on.

**Hon. Mr. Grossman:** Unless Mr. Cooke wants to talk out the balance of the four minutes, I am not going to let the record show we were part of that deal or that we can enforce a deal to which we were not a party. I would expect the UAW, which was consulted by Herb Gray and which supported the deal, to be there, because of their support for the deal, to ensure that Mr. Gray enforces the undertakings he got as a result of the \$200 million loan guarantee he made

available. You are not going to lay at the door of this government the lack of small car capacity by Chrysler in the city of Windsor.

With regard to what is happening in this province in new car production, as you know, Ford is making the Escort and Lynx in St. Thomas in March 1981; the General Motors J car will begin production in Oshawa in August 1982; Chrysler will be converting the Pellette Road truck plant and that will be operating in April 1983, according to the deal, and the stretch version of the K car, what they call the van, is planned tentatively for production in 1983 or 1984. American Motors is converting its Brampton facility for Eagle and Concord production, and that will start up very shortly.

Components: General Motors, Windsor transmission plant production for new front-wheel drive cars, completion May 1981, 2,600 jobs. St. Catharines engine plant, 4.4 litre V-8, and 2.8 litre V-6, completion May 1981, 700 jobs. Oshawa fabrication plant, new metal and plastics component for J car, new jobs, 325. Ford in Windsor, the engine plant, which you oppose, 3.8 litre V-6 engine—

**Mr. Cooke:** That is garbage too. We did not oppose the plant, we opposed your bribe.

**Hon. Mr. Grossman:**—completion 1981, new jobs, minimum of 2,000. Windsor casting facility, castings for 3.8 litre V-6 engine, new jobs, 300 at least, completion April 1981. I could go on, but that is a fair indication that there is some new investment coming in here.

With regard to enforcing the auto pact, let me deal with some other things—

**Mr. Cooke:** Could I get back before you finish?

**Hon. Mr. Grossman:** No, you will let me answer.

**Mr. Cooke:** You made an accusation about the Ford grant and I would like to respond.

**Hon. Mr. Grossman:** You may like to respond but you asked me a question and I would like to respond.

**Mr. Cooke:** I want to ask you what you really think about the Ford grant.

**Hon. Mr. Grossman:** Mr. Chairman, I am prepared to insist upon having the last two minutes to respond to the question put to me here since there have been a lot of inaccuracies. I am entitled to that.

**Mr. Cooke:** We will hear some more of your inaccurate, one-sided answers.

**Mr. J. Johnson:** Mr. Chairman, I ask for one minute.

**Mr. Chairman:** I will give you the time if you will just be patient.

**Mr. Hall:** Mr. Chairman, I move the estimates be passed.

**Mr. Eaton:** I will second that.

**Hon. Mr. Grossman:** I would point out to the member when he complains that Ontario has done nothing with regard to the parts problem that no jurisdiction could more actively be promoting the duty remission program which was developed in this province in conjunction with the auto parts association. We are having a great deal of success. The EDF has devoted about 25 per cent of all its moneys to the auto parts industry. We have to look at some of the initiatives we have taken in Japan and Europe to increase sourcing, and we are going to see the results of that. We are going to see substantial results flowing from SITEV—Société Internationale de Transportation et Vehicules—which we participated in last May. We are going to see some substantial results as the result of us hiring Pat Lavelle to work throughout Europe on behalf of the auto parts and other industries in this province.

Suffice to say we have a great number of initiatives pointed specifically towards encouraging parts production in this province, through EDF, through ODC, through the auto parts technical centre, through export assistance, through SITEV, through the duty remission program, all of those together comprise a very meaningful effort to put the auto parts industry where it should be.

While the federal government struggles with renegotiating the auto pact—trying to improve the auto pact, to be more accurate—we are there doing the work that will result in plants and expansion in the auto industry over the next few years. I remind you, as I pointed out to you in the House, that in the past 12 months, we have had 72 major new plants or expansions in the auto industry. Quite a remarkable effort.

**Mr. Cooke:** You still have not filed that with us.

**Mr. J. Johnson:** Mr. Chairman, I would like to refer briefly to the comment Mr. Jakins made about imported bark chips. It is my understanding that there are \$8 million worth of these chips imported into Canada, most coming from California and North Carolina.

**Mr. Hall:** Did you say chips?

**Mr. J. Johnson:** Chips or pieces of bark. They use them for flower gardens and shrubbery.

There is a company in Arthur, All Treat Products, which is building a plant at the present time and hopefully, will be in production next spring. I understand they have already contacted Canadian Tire and Home Hardware and a couple of other companies and have sold or are in the process of selling 25 to 50 per cent of the imported quantity of around \$8 million, so that will be in the neighbourhood of \$2 to \$4 million.

The reason they are going into this business is because one of your people from Kitchener, Peter McGough, took the president of the company down to North Carolina and showed him the operation. They arranged for the technology to be brought into Canada and, hopefully, this company will be in production because of Peter and your ministry.

**Mr. Minister,** on behalf of the people in my riding, we thank you for this extra industry.

**Mr. Cooke:** I want to read one thing to the minister. Did the minister see the Fifth Estate program which dealt with the Chrysler Corporation? Did you get a chance to see that show?

**Hon. Mr. Grossman:** No.

**Mr. Cooke:** Let me read to you one of the statements that Lee Iacocca made that I would like you to react to and see whether you support it. He said: "I have had a great experience with this." He is talking about grants and bribes from corporations as well as from government.

"I have played Spain versus France and England for so long I am tired of it. Ford, when I was there, and General Motors, Chrysler, all over the world, we pit Ohio against Michigan, we pit Canada against the United States, we get outright grants and subsidies in Spain and Mexico and Brazil, all kinds of grants. With my former employer, one of the last things I did was, on the threat of losing 2,000 jobs in Windsor, I got \$73 million outright."

Don't those remarks from Lee Iacocca offend you?

**Hon. Mr. Grossman:** The remarks offend me. His figures are wrong.

**Mr. Cooke:** I know the \$73 million is wrong. It is \$68 million, I understand.

**Hon. Mr. Grossman:** The basic issue that governments have to face is whether we should have simply sat it out in the face of that. It was no secret to us that they were looking at Ohio and that Ohio was offering some assistance. It is no secret either about the fact that, notwithstanding Mr. Iacocca's



perception of what happened at the time, it was not an auction contest where he was able to keep bidding the two jurisdictions up.

In point of fact what happened was that Ford of Canada wanted to get that facility for Windsor and encouraged the parent company to allow Ford of Canada to make a presentation showing definitively the added cost of building a new plant in Windsor as opposed to the expansion of the plant in Ohio.

As a result of that, an analysis was made by the deputy minister and my assistant deputy minister who were both involved in analysing those figures. It was not a matter of us bidding for it, or being caught in an auction. We calculated the extra cost of building in Ontario as opposed to expanding in Ohio, and we, together with the federal government, offered to make up that cost.

12:50 p.m.

**Mr. Cooke:** What is the purpose of the auto pact then?

**Hon. Mr. Grossman:** I am talking about the Ford engine plant. The fact is you asked me to respond to Lee Iacocca's remarks and I am giving you an answer that doesn't feed in to the Hansard you want to send out to your constituents. You want to jump to another question.

**Mr. Cooke:** No. I am asking you what does this mean for the auto pact?

**Mr. Laughren:** He is your friend.

**Hon. Mr. Grossman:** No, Bob White's friend; he agreed with the deal, not me.

**Mr. Cooke:** I ask you what this means for the auto pact.

**Hon. Mr. Grossman:** I will answer one question at a time. What I am saying to you, quite simply, is that I am confident the people in your area, if the opportunity came along now, would expect this government

not simply to say: "Well, it is unfortunate that our governments in Canada will not try to pay the differential cost of getting that plant here. Let's let those 2,600 jobs go to Ohio and keep the unemployment rate as high as it is in Windsor." I suspect that your people, regardless of what they might posture for publicly, if the opportunity came today would say that a responsible government in this province must be willing to pay the differential cost to see if we can keep at least those 2,600 jobs in Windsor. I am quite comfortable with that. That is my response.

**Mr. Cooke:** Whether my constituents believe that or not, I don't agree with that kind of a position. Just to correct the record from the other day, when the minister tried to say that Statistics Canada says the unemployment rate in Windsor is 10 per cent, the figures came out—and I am sure you heard my colleague from Windsor-Walkerville (Mr. B. Newman) mention them the other day in the House—that 23,000 people are unemployed in Windsor out of a work force of 124,000, which means the unemployment rate is still over 18 per cent.

**Hon. Mr. Grossman:** You know what the StatsCan figures are.

**Mr. Cooke:** You know how they calculate those figures and you know why they don't mean a damn thing.

**Mr. Chairman:** We have to pass these votes. Please note there are supplementary estimates for \$1,026,000 on vote 2305.

Votes 2301, 2302, 2305 and 2306 agreed to.

**Mr. Chairman:** This completes the estimates of the Ministry of Industry and Tourism.

**Hon. Mr. Grossman:** Thank you, Mr. Chairman, a pleasure as always.

The committee adjourned at 12:53 p.m.

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No. R-36

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Thursday, October 23, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, OCTOBER 23, 1980

The committee met at 8:12 p.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES

The Acting Chairman (Mr. J. Johnson): On the advice of the minister, the committee and my good friend, Ronnie McNeil, I will take over as chairman in the absence of Mr. Villeneuve.

We will start with the remarks of the Honourable James Auld, 130-some pages of them.

Hon. Mr. Auld: Thank you, Mr. Chairman. I will not waste any time. On a serious note before I begin with a serious speech, I just wanted to say that this will be the last series of meetings in which my deputy minister, Keith Reynolds, will be taking part. Keith is retiring on December 31. He joined the ministry in 1952. He is a biologist and an air force veteran.

He will be missed by the government very much. He has served in Lands and Forests. He was deputy minister to Prime Minister John Robarts. He has served in the north and the southwest. He has established a great reputation with what is now the Ministry of Natural Resources. He has also established a questionable reputation as a fisherman. He always says not how big it is but what the species is.

Seriously though, I thought I should bring to the attention of those members of the committee who do not know that he will be leaving Her Majesty's service in Ontario as of December 31. He will be missed. I am delighted he is going to be here for these estimates, I can tell you.

Mr. Foulds: Before the minister proceeds, do not know whether congratulations are in order or not but certainly, as the critic for my party for the last three years I found Dr. Reynolds a co-operative person to work with, very knowledgeable of the ministry and, if he ever wants to act as a consultant for a dollar a year, I would be more than willing to take him on.

Hon. Mr. Auld: I will double that.

Mr. Nixon: I want to say something, too. I was thinking I might wait for the formal body of the opposition response, but it might be nice to say something now. I guess I got to know Keith best when he was deputy minister to the Prime Minister, as he was then called. I can remember he was what I would tend to call very effective in that position.

I can remember one occasion when it was his job to squire a group from the Legislature to London, England, to mark a significant anniversary, which I do not recall at this moment. I was prevailed upon to attend and I can recall and vouch to all of you interested taxpayers that it was done with the utmost economy and in the interests of representing the province in the way in which we have grown accustomed to representing her. I, too, have always found the deputy minister extremely co-operative and helpful in providing information and looking after the kinds of problems that private members put forward and, also, with quite a keen sense of humour with just a small political tune to it.

It would almost lead me to say that I am not looking forward to him being a dollar a year adviser to the NDP but, perhaps, using his undoubted qualities and capabilities in going straight, in politics, and coming into the Legislature as a damned good Liberal. That may require more of a conversion than the Lord has seen.

We look forward to hearing him in these estimates. On behalf of my colleagues, I wish you, Keith, all the best. We will see you around here, I am sure.

Hon. Mr. Auld: I just have to say that definition leads to an obvious question, which I will not pose.

Mr. W. Newman: If I may just take a word at this point because sometimes we get involved in the Legislature. I know, Mr. Minister, you covered it very well. The former leader and sometimes present leader of the Liberal Party and others have said a few kind words about Dr. Reynolds. I have known Dr. Reynolds since I came to the

Legislature and a little before, which goes back almost 14 years.

I must say that when he was with the Honourable John P. Roberts he did a magnificent job. I never knew whether I was being snowed or told the truth but, I tell you, he always did a great job. He has surely been a very conscientious, hard-working person. Of course, a lot of credit goes to his good wife, Maudie, and his family for putting up with him and all the time he spends here.

I am not going to recall any particular instances because that would not be fair, but I do know that Keith is an excellent fisherman. I hope that in his retirement he enjoys his fishing. He has a long way to go to catch up to John Robarts as far as fly fishing is concerned, but he is learning.

I would just like to say in all sincerity it has been a great pleasure for me, and I am sure I speak for those of our caucus who are here and for the rest of our caucus that a more dedicated man you would not find anywhere in Ontario. In his dedication to the former Prime Minister and to the various jobs he has had, now as Deputy Minister of Natural Resources and in any job he takes on, he does it and he does it well.

I have been proud to have been associated with Keith Reynolds over a period of time. I hope you enjoy your retirement. Come out fishing any time, Keith.

The Acting Chairman (Mr. J. Johnson): Keith, on behalf of our missing chairman, I would also like to thank you for the privilege I have had of working with you when I was chairman of this committee, and also I may speak, I am sure, in Mr. Villeneuve's place, to thank you for your consideration to our position. I hope that now you have a little more time to yourself you can improve your position as a fisherman in this province.

Dr. Reynolds: Thank you.

Hon. Mr. Auld: Mr. Chairman, now for the good stuff. I present for review, and I trust approval, my ministry's estimates for the year 1980-81. The total is \$288,670,300. The 1979-80 total was \$261,414,300.

As is the custom, I will give the highlights of our activities during the year that has passed since our last estimates and offer a few introductory comments on items which I presume the committee will want to discuss with us.

It will not surprise anyone to hear that since late July, when the worst part of this year's exceptional forest fire season was finally over, our staff has been striving hard to catch up with their normal duties.

8:20 p.m.

To give some idea of the immense scope of the 1980 fire season, a total of 1,775 fires was recorded in Ontario and the total area burned was 1,383,689 acres. Losses were the largest since 1923 when more than two million acres were burned.

Ontario was hard hit, as were other parts of Canada and the United States. This combination created an unprecedented strain on the available aircraft, equipment and trained manpower everywhere.

By the way, at this point I am departing from the printed copy of this statement that you all have. In a few moments, with the agreement of the opposition critics, we will be reporting to you on the 1980 forest fire season in Ontario through a slide presentation. The facts given in your copy of the speech in the next few pages, and also from pages 31 to 44 under land and water management, will be covered in that presentation.

I might just say we put this together in a relatively rapid way and on page 43 in the section on forest fires, the fifth line should read, "Abitibi portable operations camp worth \$2.4 million, an MNR portable silvicultural camp worth \$1 million."

As I said, the facts given in your copy of the speech in the next few minutes and also from pages 31 to 44 under land and water management will be covered in that presentation.

During the height of the major fire emergencies, such as those caused by Kenora 23, Red Lake 14, Thunder Bay 46, Ignace 27 and other difficult outbreaks, almost all ministry staff in the areas affected and many from most other parts of the province were diverted to firefighting or work associated with it.

Throughout June and July, we cut back virtually all our normal operations across the province. The result was our summer work schedules all went out of whack. We experienced nearly three months of intense fire activity in the northwestern and north central regions. All those 12, 14 and 18 hour days made it seem much longer to those who were directly involved.

It gives me a great deal of pride to assure you, Mr. Chairman and the members of this committee, that our people, whether they were fire bosses, senior administrators, fire crew members or support staff of all kinds and those on the phone to relatives, cottagers, tourists and newsmen wanting to know the latest, performed under conditions of great stress and, sometimes, of consider-



able danger with a high degree of willing effort and total professionalism.

As well, those staff left behind to cope with the undermanned, normal programs also deserve commendation for a job well done.

Now for the slide presentation on the 1980 fire season. This is a rough and ready job but all the photographs you will see were taken by members of our staff. With your permission, I am asking Bill Forman, who is the fire control supervisor at our aviation and fire management centre, to guide us through the presentation.

**Mr. Forman:** Mr. Chairman, 1980 has been one of the worst forest fire seasons in our history. Here is the story behind the reports on TV, radio and in the press.

During January to March 1980, from Alberta eastward to Lake Nipigon in Ontario, abnormally high temperatures and generally below-normal snowfalls prevailed. Lack of snow caused frost to penetrate deeply into the ground. When the snow melted, water ran off rather than being absorbed by the ground level fuels.

In early April, we did not get the rains typical of normal spring conditions. Weather features for the following two months consisted of stationary high-pressure systems, which resulted in record high temperatures. Early and fast snow departure, combined with record low precipitation amounts, caused severe drought conditions. This produced extreme fire-weather indices and dry, hazardous, fuel conditions very early in the spring. The end result was very erratic fire behaviour.

By mid-April extreme forest fire situations had already developed in Alberta and Saskatchewan. By the third week of April, Ontario, in terms of early fire occurrences, was above normal. As one indication of the seriousness of the situation, eight unit suppression crews from out of the region had to be dispatched to Dryden to provide assistance as early as May 3. This was just the beginning of three hectic months in this year's forest fire season.

Ontario was hit particularly hard but during May, June and July forest fires were also raging elsewhere in Canada and the United States. Those three months were the peak of the North American fire season in 1980. As of July 30, in the United States, there had been 48,191 fires covering just over 1.2 million acres, which was the normal level for that country.

In Canada, Alberta had 1,330 fires covering 1.6 million acres which was 100 per cent above that province's average for fire occurrences and 1,500 per cent above the

average for acres burned. Saskatchewan experienced 742 fires and more than 3.6 million acres were burned. Manitoba had 1,076 fires, which burned more than one million acres.

In Ontario, by the end of July, we had experienced 1,623 fires, slightly above the normal number for this time of the season. However, acres burned totalled 1,377,447, a 1,277 per cent increase, a strong indication of erratic fire behaviour and adverse conditions.

By late July the combination of better firefighter weather, such as rain and cool weather, and outstanding work by our firefighters resulted in a dramatic reduction of fire activity, and the emergency was over. But even so, between August and now there were 152 more fires to deal with, which covered an additional 6,242 acres.

A total of 1,775 fires was recorded. The total area burned was 1,383,689 acres. In southern Ontario terms, this acreage would cover an area along Lake Ontario shoreline from Pickering to Oakville, and extend as far north as Lake Simcoe.

Overall, 1980 has been the most expensive firefighting year on record. Firefighting costs were in excess of \$45.5 million at the end of August. This was made up of \$14.5 million in budgeted costs and \$31 million from the extra firefighting fund.

Four of the Ontario fires were immense. Red Lake 14 was 107,900 acres; Ignace 27 was 163,900 acres; Kenora 23 was 280,500 acres; Thunder Bay 46 developed into the largest forest fire on record in this province and covered 313,200 acres. Incidentally, the Mississauga fire of 1948 is often reported as the largest fire ever, but it was actually two fires which joined up.

8:30 p.m.

Another problem was that in the tinder-dry, no-rain conditions which prevailed until late July, many smaller but potentially serious fires were usually burning at the same time as the large ones. This kept our detection and fire suppression people working to the limit, protecting human life, property and natural resources—in that order of priority—and working to bring the blazes under control.

Almost all ministry staff in the areas affected and many from most other parts of the province were diverted to firefighting or work associated with it. Throughout June and July we virtually cut back all of our normal operations right across the province.

However, we have bounced back with many programs now on stream, as well as regeneration projects in the northwestern region and

the north central region on burned-over areas. To date, 25,000 acres have been seeded and 20,000 acres are ongoing. It was a super-human effort.

MNR's responsibility for controlling forest fires covers the prevention and detection of outbreaks; putting them out while they are still small, if possible; and controlling, curbing and putting out those fires that defy initial attack and become sizeable blazes. For this task we call upon all available human, mechanical and technical resources within the ministry and from elsewhere, both within the province and from outside. Were it not for the efforts of ministry people and others who were hired, immeasurable damage could have been inflicted on people, communities, man-made structures and natural resources in northern Ontario.

In early summer, the northwestern region experienced a total of 660 lightning fires, with some 24-hour periods recording 45 to 60 lightning starts. Such multiple starts severely taxed the ministry's capability to make initial attacks, the best way to get fires out before they really begin to run.

During the height of the fire season more than 2,000 ministry employees worked on fire suppression and support duties. They were aided by extra firefighters mostly from local communities, many of whom were native people, and, on occasion, we were given help by fire management experts from the United States. In all, as many as 3,600 people were on fire duty when things were at their worst.

During this time we rented aircraft and heavy equipment both from private sources and other governments to supplement our own fleet of 40 aircraft, 32 of which were actively engaged in fire duty and the other eight, not in the water bombing configuration, were used in fire management duties.

Among the aircraft and crews we rented from elsewhere were the following: two heavy water bombers from the Quebec government on two separate occasions, one from the government of Newfoundland and 12 other heavy water bombers from private companies elsewhere in Canada; 21 light twin-engine detection aircraft, all from private companies in Ontario.

On May 28 we had 81 helicopters on duty, four from the federal government and the rest from private companies in Canada. On June 25, another emergency time, authority was granted to hire US helicopters because our Canadian sources were exhausted. We obtained nine private helicopters from such places as California, Oregon and Wisconsin.

Major evacuation operations were carried out in Red Lake, Fort Hope, Grassy Narrows, Gull Bay and other hamlets. Also evacuated were scattered camp owners and tourist camp guests in the immediate area of larger fires. In all, between 7,000 and 8,000 people had to be moved.

In many cases, Natural Resources took the lead role in evacuations, working with the Ontario Provincial Police, the Ministry of Northern Affairs, and other ministries and agencies, as well as local officials. The net result was that not a single fatality occurred among those people threatened by forest fires and personal losses and discomfort were minimal in the extreme.

Regrettably, heavy timber losses were incurred because of the large fires. About six million cunits of merchantable timber were burned with minimal potential for salvage. Some heavy private property losses also resulted, primarily because of Red Lake 14. Among the buildings and facilities destroyed were commercial and recreational camps, logging camps, trappers' cabins and Ontario Hydro power lines. However, almost no private homes were lost.

Indeed, our suppression activities managed to save much property. Among our successes in combating the largest fire, Thunder Bay 46, were the protection of an Abitibi portable logging operations camp worth \$2.4 million, an MNR portable silviculture camp worth \$1 million—a 500-acre area that had been previously replanted—and 45,000 cords of jackpine and spruce worth \$3.6 million. The timber was piled along roads ready for delivery to Thunder Bay. Our suppression efforts in Thunder Bay 46 alone are credited with saving an estimated \$860 million worth of property and resources.

I will illustrate how we fight fires in Ontario. Fire control planning and operations in Ontario are conducted by a network of 50 integrated fire centres at district, regional and provincial levels. A district fire centre plans and directs all fire suppression activities within its district. This includes the dispatch of manpower, aircraft and equipment resources to required locations.

A regional fire centre—there are five, located at Huntsville, Sudbury, Timmins, Thunder Bay and Dryden—dispatches and coordinates the movement of suppression resources from district to district within its region. In addition, the regional fire centre is responsible for administering the regional detection program and the allocation of ministry and contract aircraft. Firefighting equipment is stored, maintained and recycled



at each of the regional fire centres for use, as required by the districts or directed by the provincial fire centre.

The provincial fire centre, located at Sault Ste. Marie, plans and manages all inter-regional movement of fire suppression resources. It also establishes contact and arranges with outside agencies for the loan of equipment and manpower resources required during periods of exceptionally heavy fire loads. All 50 MNR fire centres are operated on a 24-hour basis from the beginning of April to the end of October.

The ministry normally maintains a mobile firefighting force of 145 highly trained, well equipped, five-man initial attack units. However, by May 27 of this year the fire situation was so extreme that a supplementary unit crewman program was developed in all eight regions. A total of 815 supplementary crewmen from across the province were hired, trained and deployed as units to the field for a period of 60 days.

During the winter of 1979-80 special efforts were made to build up equipment inventories in the northwestern section of the province, with a permanent transfer from other areas. In addition, prodigious amounts of equipment were temporarily dispatched to the northwestern and north central regions during the fire season. This included aircraft, power pumps, hand tools, camping equipment, radio communication systems, vehicles and hundreds of thousands of feet of hose.

Caches at fire centres in the east were bare to the walls by the end of May and had to be replenished with equipment brought in from other fire control agencies in Quebec, New Brunswick and British Columbia, as well as the US Forestry Service. By the end of June the provincial inventory of equipment had been enhanced by loans from these agencies to the tune of 450 power pumps, 1,504,000 feet of hose and 1,000-man cookery equipment, plus miscellaneous other items.

Fire suppression resources are managed, controlled and maintained by the command structure at the fire base camp. During large fires these base camps essentially become small municipalities, requiring all the services and support functions necessary to a real community. The fire boss is assisted in his command by a suppression boss, a service boss, a safety officer and a plans and records officer. Together, this council determines suppression tactics, safety precautions, anticipated fire behaviour, as well as resource requirements in both the suppression and support functions.

Line camps are the primary housing facilities for unit fire crews fighting the fire. Manpower, equipment, supplies and food are distributed to these camps from the main base camp. These line camps are often semi-mobile and may have to be moved should the perimeters of the fire advance. Unit crews are normally replaced after a 20 consecutive day period. More than that is too much strain. The rest and recreation break is usually about four days and often the firefighters get a chance to go home.

8:40 p.m.

Several fires this season took well over a month to bring under control. After the fire is brought under control the dirty job of cleanup begins. This includes extinguishing hot spots, long hours of patrol on the fireline and retrieving dirty, wet hose. During cleanup, morale is usually at its lowest. It is dirty, tedious work after the excitement has passed, but the MNR firefighters fought off the blues by making sharp fun of the conditions that prevailed around them.

Many of us will never forget the 1980 fire season. We, the MNR people, and all those who worked with us from other ministries, agencies, municipalities and communities, a lot of people gave their best when it was needed most.

**Mr. Chairman:** I am sure, Mr. Minister, everybody enjoyed those pictures.

**Hon. Mr. Auld:** I hope that short presentation gave you a good idea of the things that are involved. One point not covered in the presentation was when our fire situation eventually subsided somewhat in mid-summer, we were able to send 79 of our own fire management staff to help the Northwest Territories for a period of four weeks when fires threatened native communities in the vicinity of Hay River. Earlier we were also involved, in varying degrees, in assisting such communities as Kenora in fine-tuning evacuation plans which happily never needed to be activated.

In all of this fire evacuation and planning I cannot too strongly applaud the work of many local people and governments, the Ontario Provincial Police, the Ministry of Northern Affairs and many other ministries of the Ontario government. Also, the effectiveness and efficiency of the Canadian Armed Forces in evacuating the people of the Red Lake area were of the highest order and I cannot praise them too highly.

May I turn now to other highlights and, for the committee's convenience and assistance, I plan to deal with them in the order in which the votes present the main topics



for your consideration. The first is ministry administration.

Senior staff changes during the past year included the following:

George McCormack, who is with us tonight, was appointed assistant deputy minister, northern Ontario, to succeed Lew Ringham, who retired during the summer after 31 dedicated and most productive years of government service with the Ministry of Natural Resources and, before that, with the former Department of Lands and Forests. Mr. McCormack has more than 22 years of experience with the government and has held a series of important positions in northern Ontario areas, including regional director for our northwestern region.

Don Johnston has succeeded George McCormack as regional director, northwestern region. A ministry veteran with both field and main office experience, he moved from deputy regional director, central region, based at Richmond Hill. Before that, as many will remember, he was director of the wildlife branch and has held a series of important posts with Lands and Forests and our ministry.

Art Holder, who had served the ministry from 1972 to this month as one of our two deputy regional directors for southwestern region, took over on October 20 as director of the fisheries branch. A biologist who has specialized in fisheries, Art has been the provincial representative on the Lake Erie Fishery Commission and a member of the federal-provincial task force on strategic planning for Ontario fisheries, better known as SPOF.

The former fisheries director, Ken Loftus, was recently named provincial fisheries scientist. This promotion, to fill a recently created position, takes advantage of Mr. Loftus' experience and knowledge of fisheries management and science. His appointment will assist toward the increased use of science in our fisheries management program and the development of improved strategies and policies based upon the most up-to-date fisheries research and scientific knowledge.

Another new position, science adviser and research co-ordinator, was created at the beginning of the year and is being most capably filled by Dr. Martin Walmsley. Dr. Walmsley was the author of the internal report entitled Research and the Ministry of Natural Resources, and he has served not only the ministry but the government and private industry in a manner and with a competence which have justly earned him widespread respect in the scientific community.

This new position was created as an outgrowth of the ministry's management improvement plan and recognizes the increased importance the ministry—indeed, the government as a whole—is attaching to research and development. Dr. Walmsley's task is to enable the optimum application of scientific knowledge to be made in the management and operation of the ministry.

In the next few years, more changes can be expected in senior staff positions. Our personnel data indicate that, between this year and 1985, as many as 31 people may depart through retirement in the positions from district manager and branch director to assistant deputy minister. This number represents about 25 per cent of the current senior management staff.

In the ministry we talk about the class of 1949, the first post-Second World War graduating year which produced so many who became senior administrators in MNR and elsewhere in Queen's Park. Those approaching retirement by 1985 belong to that year or those immediately following and will soon have the required combined total of age and years of service to take retirement.

**Mr. Nixon:** What is that number?

**Hon. Mr. Auld:** Ninety, but one can include one's war service, which affects quite a number.

In the ministry management improvement plan, this situation is recognized. As a result, concentrated attention is being devoted to the development and training of managers to assure that capable replacements will be available as needed.

We are approaching the end of the three-year period allocated to that management improvement plan, of which the objectives are to improve the management of the ministry in the following broad areas: Initiating a human resource planning system to serve managers and employees; setting up an effective policy and priorities system; setting up an effective system to evaluate program management; introducing and implementing a controllership system, both in the main office and in the field office network; delegating authority, responsibility and accountability for program implementation as far down the line organization as possible; and finally, reviewing specialist staffing policies.

8:50 p.m.

Some of the steps taken include the reduction of main office staff and the resulting expansion of field office staff. To date, we have reduced main office staff by 168 positions. Our target of 200 positions will be exceeded by about 10 per cent in the next few months.

While improved management systems are being devised and put into operation, ministry managers are also receiving specialized training to assist them in performing their own tasks better. All of them will have attended management training seminars by the end of this year and this training will continue.

Another result of the ministry reorganization has been the consolidation of district offices in two cases. The White River and Wawa districts have been combined into a larger district with headquarters in Wawa. The present districts of Lanark and Ottawa in the eastern region are in the process of being consolidated into one new district centered at Carleton Place. These steps have been taken to achieve operating economies while still providing services effectively to the people of the districts affected.

Future projects in the management improvement program are: a major study of the application of new office and communications technologies to the work of the ministry; development of a strategic planning system; and further refinement of the ministry's planning, evaluation and control system.

The resource management field is becoming more and more complex. Our programs and services are becoming more complicated to manage. These management improvement moves are necessary so our managers can plan, execute and audit to obtain the most for the money spent; in the vernacular, to provide for the taxpayers of Ontario "the best bang or the buck." That is why we are putting so much emphasis on management improvement programs. I am confident the payoffs will be considerable.

We are also putting increasing emphasis on privatization and guidelines are being developed for our managers on how to make the best use of outside suppliers of services for ministry programs, and how to prepare workable and effective contracts for such services from the private sector.

Let me take a moment on affirmative action. As most of the members are aware, the ministry has traditionally been male oriented. However, with strong encouragement from the top, our affirmative action program is beginning to show positive results. For example, the representation of women on staff increased from 17.9 per cent in 1978 to 21.9 per cent last year. The number of females among the resource management professionals more than doubled, from 19 in 1978 to 49 in 1979. The number of female resource management technicians more than tripled, from four in 1978

15. Since resource management professionals and technicians make up more than half

the total positions in the ministry, we have particularly aimed at improvements in those categories.

Another significant improvement is that 63 women were hired or promoted into positions no women had held in the past in certain branches and districts. In positions with salaries of \$23,000 or more per annum, the number of women increased to 19, a 12 per cent rise.

We will continue our efforts to raise and diversify the occupational distribution of women employees in the ministry and to ensure equal opportunity for them.

Land and water management: I have already mentioned the dimensions of the severe forest fire season we experienced this year and you have seen the presentation. I want to turn to other important land and water matters. We should now be at your page 45.

First, the Ontario basic mapping program; I described it last year. It has progressed as planned through the start-up phase and will go into full production next fiscal year.

As you may recall, the basic mapping program is based on a common grid which will be used to reference and retrieve, through computers, the information required for more effective management of resources. The program has been well received and has gained widespread acceptance and popularity at all levels of government, private industry and with the public. The program is also providing a stable flow of work to Ontario's resident mapping industry which has a worldwide reputation for high quality. The 1980-81 budget for this program amounts to about \$3 million.

The one over 20,000 scale mapping in northern Ontario, which is one of the projects assisted by \$1.25 million in regional priority funding from the Ministry of Northern Affairs, is complete in the area from Iron Bridge to Mattawa. Initial mapping stages are complete in the area north to Wawa and New Liskeard.

In southern Ontario, where the mapping is a one over 10,000 scale, the program is complete in the London-to-Niagara area and nearly complete in the Stouffville-to-Peterborough area. In eastern Ontario, mapping from Arnprior and Brighton to the Quebec border is continuing, with 25 per cent of the total area now complete.

The mapping of communities on the larger scale of one over 2,000 is continuing. By the end of this fiscal year, 27 communities will be mapped under the main program and 62 other communities will be mapped under the regional priority funding from the Ministry of Northern Affairs which I have already mentioned, making a total of 89 communities.



Mapping of 34 more communities is under way, with completion scheduled for 1981-82 or 1982-83. Some 106 remaining communities will be mapped in subsequent years.

As you may know, two thirds of Canada's mapping industry is based in our province and we expect considerable benefits to flow to Ontario firms over the course of this program.

Our basic mapping program is a first in the world in its conception and implementation. This leadership, which is being provided by our surveys and mapping branch, will enhance the opportunities for Ontario mappers to secure out-of-Canada projects in a rapidly changing, computer-oriented technology. These outside projects will create important new job opportunities for people in Ontario.

In this connection, the research and development of geographical referencing concepts and standards are going on through the work of an interdepartmental committee and a consultant. Through such approaches, our ministry is not only encouraging but is itself in a position to take advantage of the latest discoveries in contemporary mapping technology.

Turning to the Ontario Centre for Remote Sensing, we enter the wondrous world of satellite imagery, radar sensing and sophisticated aerial photography as applied to resource management. Among the programs operated by the OCRS are the following, which I am sure will interest you.

We are looking at the effectiveness of radar sensing for assessing forest conditions, for structural and surficial geology mapping and for taking inventory of general and agricultural land use.

We are also investigating how satellite data may be applied to the mapping of the extent of snow cover. Such a development would bolster the capabilities of the flood forecasting program of the conservation authorities and the water management branch. Also being investigated is how gamma ray spectrometer data can be applied to assess the water-volume content of various snow conditions.

As I mentioned to this committee last year, work goes on towards the development of a methodology for using satellite imagery to take broad inventory of forests north of latitude 52 which are not accessible by road. As well, operational trials are being conducted of the aerial photography assessment of forest regeneration success. The methodology was developed by the Ontario Centre for Remote Sensing during the past year.

9 p.m.

The OCRS has also begun the important transfer of remote sensing technology to other government agencies, private industry and universities. This applies particularly to methods and techniques it has developed. The transfer is being done through a program of training and consultation, as well as collaboration on research and development. The response has been most enthusiastic.

This is an example of the type of technology transfer towards which my ministry is moving as it grows more and more apparent that government, universities and industry must bring their best brains and skills together to most effectively resolve the difficult and complex problems facing all of us in the 1980s and beyond.

As I have reported previously, the exploration of lignite resources in the cretaceous basin of the James Bay lowlands is a high priority in the ministry.

Last year several parcels of land were offered to the mining public by tender for exploratory licences of occupation. Four such licences, covering a total of 1.1 million acres, have been issued to search for lignite, base metals and china clay.

Mr. Chairman, I would like to draw your attention to two changes which have been made in our policies for administering shore lands. First, where private land is fronted by a shoreline road allowance or a shoreline reserve, we will now generally support proposals to sell these 66-foot strips to adjoining landowners, provided, of course, that such sales are not in conflict with other government or municipal policies.

Second, where a structure, such as a dock, is on crown land in front of privately owned land and the dock or structure is used only for private, noncommercial purposes, we now permit that structure to remain on the crown land without written approval or payment of land rent.

This is being done because we believe that the use of such land is part of the normal cottaging experience.

These changes are examples of the government's deregulation program we are continuing to implement. The intention is to remove government regulations or restrictions which may have been valid in the past but which are now outworn and unnecessarily interfere with the public.

It is a peculiar but inescapable fact that land and water management, while perhaps not especially glamorous, is nevertheless vital to all resource management. Land-use planning provides the basis for all allocations of resources and resource use. Such programs,



while they may not have the automatic high profile of other programs we administer, are of vital importance both to the ministry and to the public.

Last March we devoted the Ministry of Natural Resources exhibit at the Canadian National Sportsmen's Show in Toronto to the theme, Discover Crown Land. The opportunity was used to present to the 200,000 visitors to our exhibit various facts about the crown land we manage, the purpose of land-use planning, how the public can participate, and the means by which we manage the almost 90 per cent of the province which is crown land.

Not only was the exhibit most successful in the eyes of this large audience, but many segments of the exhibit have been put on display elsewhere in the province and will continue to be displayed at appropriate places.

Last March, in time for the sportsmen's show, we released a revised and uprated version of the ministry pamphlet, Ontario's Public Land: A Guide to its Use. We will distribute copies to the members of the committee. It is written in straightforward language and tells about how we manage public land and the recreational and business opportunities offered on public land. I recommend this useful booklet to you. If you want additional copies, we will be delighted to let you have them when you require them.

Turning to parks and recreational areas, the final figures for the summer season just closing have not yet been compiled, but the data on hand forecasts a modest overall increase in the use of Ontario's provincial parks. The latest step in the development of our provincial parks system is the establishment of two new nature reserves, Schreiber Channel, which is on the Lake Superior shore, south of the town of Schreiber, and Limestone Island, which is in Georgian Bay, in the vicinity of Parry Sound. These bring our total to 131 provincial parks.

Last year, I mentioned the move being made by our parks staff to work closely with the Ministry of Industry and Tourism. The objective is to market provincial parks as tourist attractions and to encourage a closer relationship between park attractions and private tourist operators, so that each complements the other services rather than competes with them.

Since then, a marketing and communications system has been organized in the parks and recreational areas branch to develop strategies for promoting the parks system and individual parks. This has been done without

increasing staff and the new activities are well advanced.

Our current examination of the economic impact assessment of the parks system in support of tourism initiatives indicates that the system contributes \$160 million to Ontario's economy through program and visitor spending. From the study, we hope to be provided with a greater insight on the impact of our parks on various sectors of the economy.

The reorganization of the former provincial parks branch into the present parks and recreational areas branch also emphasizes its broader responsibilities for recreational facilities and opportunities outside of the provincial parks themselves. What will be coming are policies related to crown land recreation and to canoe routes and trails outside parks, all of which can stimulate the tourist economy as well as complement what is offered in the parks system itself.

**Mr. Nixon:** Including hunting?

**Hon. Mr. Auld:** In some parks.

A new publication entitled, Canoe Routes of Ontario, is now in preparation. It will describe canoe route locations, the degree of difficulty and many other characteristics of Ontario's canoeing opportunities for the enthusiast as well as the beginner. As the text and the book design near completion, my staff will be negotiating with Canadian publishers to assure broad distribution to retail book stores, as well as through canoeing organizations and the government publication system, to make the book available to everyone interested. This is a first-of-a-kind collection of Ontario canoeing information. It will meet the needs of thousands of people in the province, and beyond.

Another useful publication is a cross country ski trail and facility design manual which has been completed by the Ontario Ski Council, with financial assistance from the parks and recreational areas branch.

In park operations, we introduced some changes this year. The fee schedule was updated with a small increase to assist meeting some of our operating costs as well as to maintain an equitable balance with the fees charged by private campground operations. To stimulate off-peak season use, 44 provincial parks have been offering camping at reduced rates this fall. This includes a self-registration system, an honour system for paying fees in the absence of park gate staff.

Over the past year we continued our policy of an alcohol ban during the early season. This is applicable, of course, only during the period May 7 to June 1. In all, 20 parks now prohibit the bringing in of

alcohol during that period. This innovation has proved very successful and has been widely lauded by the public.

9:10 p.m.

To date, 25 provincial park master plans have been approved. Those recently approved include Sibley, Kettle Lake, Polar Bear, Nagagamis and Sandbanks. The master plan program has now targeted the completion of master plans for all provincial parks by 1983.

During the past year, 47 grants totalling \$728,775 were approved under the Parks Assistance Act. These are for projects providing open space, recreational and associated day use and camping areas in municipalities to provide for local use and to complement the provincial parks system.

The potential of the French River as a candidate for national heritage waterway status has been studied jointly by my ministry and Parks Canada. Now that the study has been completed, I expect to be carrying out further discussions related to this proposal with the federal minister responsible for parks.

Turning to fisheries management, first an update on the strategic planning for Ontario fisheries program or, as we usually call it for obvious reasons, SPOF, which began in June 1979 when we obtained approval for 11 staff and \$2 million to begin this expansion of our fisheries program. Last year was startup time, and many projects were begun.

This year, the SPOF emphasis is on the following: to rehabilitate degraded fish population and habitat; to improve public awareness about the fish resource and its environment; to further develop a computerized management information system, known as the Ontario fisheries information system; to assess our fish culture capabilities and to recommend new sites for fish culture facilities.

During the past year two new fisheries assessment units were established, one at Lake Nipigon, the other in the Rideau Lakes area, bringing the total to 12. We hope to have three more in 1980-81.

A fisheries assessment unit monitors its particular water body to measure the stresses on the fish populations and the response of the fish to the stresses. It does this by monitoring the users of the fish resource, the harvest of fish, the condition of the aquatic environment, and the state of fish communities. The data collected provide important information for fisheries management.

For many anglers, including those in the Metro Toronto area, the taking of salmon has

been an exciting part of this year's season. Cohoe and chinook salmon will continue to provide such angling opportunities while we develop long-range plans to rehabilitate such sports fish as lake trout and other salmonids.

As for splake, we have been greatly encouraged by the angling results this year in Lake Huron. The splake is a hybrid between speckled trout and lake trout developed by my ministry's research scientists with a lot of help from the fish. The original intent of the splake program was to establish self-reproducing populations of this early maturing fish in Lake Huron.

It would replace the lake trout which became virtually extinct in those waters because of sea lamprey depredations and overfishing in the 1940s. The splake should be more able to withstand lamprey depredations than lake trout and provide comparable fishing quality. The news of splake success in Lake Huron this year may be the light we have been looking for at the end of the long, dark tunnel. It takes time to accomplish these complex objectives.

Other significant developments in fisheries include the reconstruction of the Dorion fish culture station. This is now complete and production of fish has resumed. The feasibility study on the Hill Lake fish culture station has been completed and reconstruction is about to start. The Thornbury fishway has been constructed and will be passing fish this year. Lake St. Clair has been reopened to a limited number of commercial fishermen and negotiations have begun with the commercial fishing industry for setting perch quotas for 1981 in Lake Erie.

Moving right along to page 82, habitat improvement projects, of which 26 were started last year and 35 more are about to begin, means the rehabilitation of rivers and streams. Grasses, shrubs and trees are planted on and close to banks to stabilize the banks and reduce erosion. Structures are placed in rivers to reduce or eliminate silt from riverbeds and to clear gravel areas for spawning fish. This program is for improving habitat in rivers and streams not only for fish but for all organisms.

In the work we do in conjunction with the Ministry of the Environment, our staff sampled 9,500 fish for contaminants last year and plans to sample 8,500 this year. For the acid rain program, last year we sampled 290 lakes. This year's target is 1,000 lakes.

Mr. Foulds: When you say, "we," do you mean just your ministry or both ministries?

Hon. Mr. Auld: Combined.

Major studies of this serious threat to Ontario fisheries, wildlife and forestry habitat



are under way. In wildlife management, the new deer management program announced last year is being implemented on schedule. Basically, we have introduced a new hunting system designed to reduce harvest while maintaining recreational opportunities for deer hunters. Included in the program are new efforts in deer research, upgraded enforcement, predator control and habitat management.

We are at present seeking cabinet approval of proposed new moose-management policies. For the current moose season, we have taken steps to reduce excessive harvest through what might be called our share-a-moose tagging program. At the same time, our biologists and foresters are working closely together on forest management practices which will enhance moose production.

It is not commonly understood that reducing the harvest of moose cannot be done the same way the harvest of deer can be cut down through such approaches as the antlerless season. Moose are different. Total hunting pressure must be reduced in much of the moose range in the province. This has led to some tough decisions on the allocation of hunting opportunities this season, whether by controlling the number of hunters in given areas or by regulating that a moose must be shared.

My ministry has stepped up its research into black bears, on their productivity, their home ranges and so on, for two reasons: Black bears are drawing ever-increasing hunter interest; and the bears have become dangerous nuisances on occasions, especially when their natural food supplies are insufficient.

Some of the research data are being supplied by the bears themselves which are carrying radio transmitters our staff have persuaded them to carry. From this and other steps, we hope to develop a comprehensive bear-management program which will satisfy the hunter and the nonhunting outdoor recreationist.

There are hundreds of animals which can be termed "nongame." Among them are 13 endangered species in our province. Looking after all nongame animals is a massive task and our management program must be adjusted to workable proportions. Priority has been given to developing a policy on nongame animals, scheduled to be completed in 1981. Priority has also been given to operating an interim endangered species management program until the overall policy is completed.

9:20 p.m.

In our rabies control research program the testing is continuing of bait in the form of meatballs dropped from aircraft into areas where foxes and skunks are prevalent. Preliminary results are most encouraging. Once a suitable rabies vaccine is developed by other agencies, who are working on it, we should have an effective means of getting the vaccine to potential rabies carriers.

I should mention that this program was initiated by my ministry and currently the research is funded almost entirely by provincial lottery funds: \$2.6 million over three years ending in 1982. This is an important element in the health research category. The ministry co-ordinates and implements the program and also provides base funds in the range of \$70,000 to \$90,000 per year.

Last year, I mentioned the development by ministry staff of the more humane trap, the footsnare live trap. North American patents have been applied for and our lawyers are also trying to obtain patents abroad. It is expected that the new trap will be manufactured and on the market next spring. The manufacturing and marketing of the trap by the private sector is being arranged through a co-operative program with the Ministry of Northern Affairs.

Turning to mineral management: On September 1, the new Ontario Mineral Exploration Program Act came into effect. It replaces the mineral exploration assistance program, which very successfully stimulated mineral exploration over a period of 10 years.

The new act, which we have taken to calling OMEP, was established by my colleague, the provincial Treasurer (Mr. F. S. Miller), and is administered by my ministry. The act provides financial incentives to individuals and corporations not actively engaged in mineral production in Ontario, so that they may obtain approximately the same tax advantages for exploration expenses as are now available to producing companies. In this way we hope to encourage more people and companies to undertake exploration for economically viable mining properties.

I am delighted to inform you that the response to OMEP has been phenomenal, even though it is not quite two months since the act took effect. Already 34 applications have been received, of which 13 have been approved and the rest are being processed. If all applications are approved, the estimated expenditure in this farsighted initiative will be in the order of \$10 million.



Indications at Detour Lake are that the deposit there may represent the largest single gold reserve in Canada. This development has become a joint venture of Amoco Canada with Ontario's Dome Mines and its subsidiary, Campbell Red Lake Mines. Some \$20 million has been spent by the companies in exploration and feasibility studies of the gold and copper resources in that part of northeastern Ontario, about 85 miles north-east of Cochrane.

If this deposit lives up to indications, there is potential for initial employment of 350 to 400 people and substantial expansion in the future. This would benefit the Cochrane area considerably and exert significant impact on other parts of the province. Because the location is relatively remote, access is a major problem. Following a request from the joint venture partners an interministry task force has been formed to seek solutions, including possibly building a road into the area.

There are other promising gold developments. Both Dome and Campbell, at their operations in South Porcupine and Red Lake, have undertaken major developments which will boost production by about 50 per cent in the case of Dome, and 30 per cent for Campbell. Also in the northern region, Noranda, Texasgulf, Inco and several smaller companies are involved in reviving formerly active gold mines, or developing new ones, particularly in the Porcupine and Kirkland Lake areas.

In southeastern Ontario, too, three gold prospects are being investigated. These are located in Belmont township in Peterborough county, Kaladar township in Lennox and Addington county and Barrie township in Frontenac county. In the northwestern and north central regions, several small properties are being reappraised. We are also looking at the need for small, portable, or centrally located custom milling facilities to service them.

On the nickel side: Despite sluggish metal markets, Inco has opened new divisional maintenance shops at Sudbury. These shops cost some \$14 million and will employ 250 skilled tradespeople. This means the introduction of new maintenance concepts to the north, which will provide a unique training ground in specialized skills for the people of the Sudbury area. Inco has also committed itself to large expenditures over the next year for further processing and pollution control.

A new cobalt recovery plant, expected to cost about \$25 million, is under construction

by Inco at Port Colborne. It will have an annual capacity of two million pounds of high purity cobalt metal, which is an important ingredient in the production of various alloys, particularly for aerospace applications.

At Timmins, Texasgulf's new copper smelting and refining complex is nearing completion. Initially, 65,000 tons of copper will be refined per year. When expansion is complete the plant will have a capacity of 130,000 tons per year.

This will be the most advanced smelting and refining complex in the world. It is energy efficient, has low operating costs, and will recover more of the metals contained in the ore than conventional plants. Environmental controls will be the most advanced in the world. The entire new complex should be operating in the spring of 1981. Total cost of these new facilities will be in the order of \$300 million.

It is well known that domestic processing is a fundamental direction in the Ontario Mining Act and a policy objective of this government. Ores or minerals are permitted to be processed elsewhere only when specifically exempted by the Lieutenant Governor in Council. Total domestic processing is, of course, not feasible and probably never will be. But, despite the ups and downs which reflect the fluctuating nature of the mining business, I am happy to report that there has been a distinct and steady increase in the amount of domestic processing of Ontario's mineral production in recent years.

About 75 per cent of Ontario's mine output by value is currently being refined in Canada, an increase of about 15 per cent in the last 10 years or so. I see no reason why this improvement should not continue, although it may not be possible or practicable to sustain the rate of improvement that I have just reported.

I have three items to report in the field of mineral aggregates: the gravel, sand and limestone needed for building structures and roads.

First, we will soon be able to release a bulk transportation study, prepared by consultants for the ministry. This study was designed to identify the most effective means of transportation for mineral aggregates, determine their costs and impacts and compare them with other possible solutions of the conflict between the need for aggregates and the protection of the environment in which the aggregates occur.

Second, we have taken a significant step as a result of the reviewing by your com-

mittee of Bill 127, the Aggregates Act. This is intended to supersede the Pits and Quarries Control Act, which has been in effect since 1971. As a result of submissions received by your committee, 158 additional townships have been designated under the Pits and Quarries Control Act. This is consistent with the spirit of aggregate resource management.

Third, a provincial mineral aggregate resource planning policy statement is being completed. Working with the ministries of Housing and Transportation and Communications, we have developed this statement over a period of one and a half years. The policy is directly related to planning matters under the Planning Act, which is administered by the Ministry of Housing.

9:30 p.m.

The policy statement includes policies to ensure that due regard is paid to the importance of mineral aggregates in planning, as well as in other matters, such as, forestry, agriculture, housing, recreation and the environment. It is a broad and flexible planning guide to what municipalities must consider in their planning process, as far as mineral aggregate resources and the extracting industry are concerned.

It is probably unnecessary to reiterate that such policy statements can in no way supersede or take priority over other provincial planning policies or legislation.

This past summer, field surveys of the Ontario geological survey involved 47 projects and employed 115 students under the direction of our geologists. In addition to our base program of determining favourable sites for intensive mineral and aggregate exploration, 22 surveys were carried out to assist other areas of government in approaching problems of northern development, energy and unemployment.

So far in this fiscal year approximately 300 geoscience reports and maps have been published and released. The aggregate resources inventory of the townships designated under the Pits and Quarries Control Act proceeded well, with 15 reports issued during the summer.

In the Kirkland Lake incentives program, of which we are in the third year of a five-year program managed by my ministry and funded equally by DREE and the Ministry of Northern Affairs, the staking rush which resulted after the release of the geophysical results last year has been followed by a steep rise in exploration activity this year. The program has aroused most encouraging interest in the mining communities.

Another special five-year program which moved into its third year this summer is the northern Ontario geological survey program. It is funded by the Ministry of Northern Affairs, but is co-ordinated and supervised by my ministry. In this program, a variety of commodity studies and community-based projects are designed to stimulate mineral exploration and to provide data for land-use planning. Special attention is being given to the Atikokan, Cobalt-Gowganda, Sudbury and Manitoulin Island areas.

Mapping for the northern Ontario engineering and geology terrain study, covering some 400,000 square kilometres, is now complete. In all, 127 maps and reports are to be released, of which 35 have already been published, and another 20 to 30 should be out before the end of this fiscal year.

Geological mapping was completed this summer on the Manitoulin Island limestone-dolostone assessment project. Considerable interest has been raised by this project, which has one new quarry nearly ready to begin production and another being actively considered.

Another special study to begin this year is the southern Ontario geological survey. Its intention is to determine the mineral potential of southern Ontario. It is funded by DREE and the province, with my ministry providing the co-ordination and the expertise. Over the next four years, this program is to provide the information needed for rational decisions concerning land use in the southern part of the province.

The Ontario geoscience research grant program is entering its third year. Its mandate is to encourage mission-oriented geoscience research in Ontario universities to supplement and complement our own programs. The last of the five research reports submitted last year was released as an open file report in May. Seven further reports are due to be submitted this year. Each year, a summary of research carried out under this program is published for the annual geoscience research seminar. This year's seminar will be held in December and it is anticipated that interest will be as high as last year when 450 persons attended.

The popularity of the geological highway map of southern Ontario that I mentioned at last year's estimates has led to the development of a companion map for northern Ontario. This new, bilingual map will be released shortly.

Mr. T. P. Reid: I trust it will be in some kind of relative size; unlike the Ontario road

map that shows northern Ontario as one third the size of southern Ontario.

**Hon. Mr. Auld:** It will be magnificent, Pat. I can assure you of that.

To promote a greater understanding of the crucial role minerals and our mineral management play in our economy and society, an audio-visual presentation was produced in our ministry, entitled, Ontario Minerals—You Can't Get Along Without Them. This display was shown at a number of events, including the northern clay belt economic development conference at Kapuskasing last April. I would be happy to arrange a showing for any members of the committee who might be interested.

**Mr. Nixon:** What else have you got?

**Hon. Mr. Auld:** Do you want me to tell you now?

As I reported last year, the petroleum resources unit of our ministry is now based in London because most of our gas and oil activity takes place in southwestern Ontario. Despite Ontario's early entry into the production of oil and gas and the continued production of these products, I doubt that western Canada or the Arctic areas lose any sleep worrying about the competition provided by our province. Nevertheless, gas and oil production here is both substantial and important.

The production of natural gas in the province in 1978, the last year for which complete figures are available, was 305,942,000 cubic metres, compared to 238,883,000 cubic metres in 1977. The production of oil in 1978 totalled 96,500 cubic metres, compared to 97,900 cubic metres the previous year. Crown lands under exploratory licences of occupation in Lake Erie currently total about 2.2 million acres, while crown lands under production leases in Lake Erie total 526,00 acres. Exploration on land and in Lake Erie continues at a relatively high level of activity.

**Forest management:** Last year I announced the launching of forest management agreements between my ministry and forest companies. This is a major step in improving the regeneration of our forests and assuring their continuance, by tying in regeneration responsibilities to the companies doing the harvesting.

During the past year we have concluded five agreements and there will be more forthcoming. The first FMA—the pioneering agreement, so to speak—was with Abitibi-Price Incorporated, covering the Iroquois Falls forest. Other FMAs signed are with Great Lakes Forest Products Limited, covering the

1,785 square-mile English River forest near Ignace; two with E. B. Eddy Forest Products Limited, covering the 5,312 square-mile Upper and Lower Spanish River forests; and —last month—with Spruce Falls Power and Paper Company Limited, covering the 6,218 square-mile Gordon Cosens forest in the Kapuskasing area.

The forest management agreement program represents a new relationship between my ministry and forest-based companies. It means that the government and industry will be working together much more closely than ever before in a co-operative arrangement aimed at ensuring a continuing production of wood and appropriate forest conditions for the social and economic well being of this province and its people.

As I have stated in the House, if any member wishes to explore the details of any of these FMAs, my forest resources staff will be happy to make themselves available for discussion and also provide copies of any agreement.

You will doubtless recall, Mr. Chairman, that I tabled copies of four of these agreements in the Legislature on October 9. The first agreement was tabled on April 28.

The FMAs are a means of fulfilling a portion of the objectives of the forest production policy approved by cabinet in 1972. You may recall that the objective is to grow a continuous supply of 9.1 million cunits of industrial roundwood by the year 2020. To reach this goal we have based our implementation schedule on a program which specifies the acres to be treated, the staff required and the dollars necessary. The program has three thrusts: the FMA targets; crown management unit targets; and private land targets.

9:40 p.m.

The current implementation schedule runs to 1984. Over the next two years a new schedule will be developed for the period 1984-94. From that will come guidelines for decisions on nursery production, seed orchard development, staff required and capital investment in plant and equipment. To support implementation of the forest production policy, the ministry tree improvement specialist, Marie Rauter, is preparing a 10-year plan for seed improvement. In addition, a tree nursery strategy study is being done by a federal research officer on loan to us for one year.

I am sure it will also be of interest to members to learn that we have recently initiated a major long-term review of private land forestry in the province. This will in-



clude a detailed analysis of present MNR programs on private lands. The review should result in a green paper in the spring of 1982 and a white paper in 1983. Considering the importance of forest resources on Ontario private lands, this review will be significant in assisting the further improvement of our forest management policies and practices.

**Research and development:** Particularly significant advancement has been made in two areas of silviculture. Both are recognized by international experts as world class initiatives. The first is the asexual propagation of spruce at the Orono tree station, which means spruce trees from high-quality cuttings rooted in special soil as opposed to planting by seed. The second is the hybrid poplar program in the eastern region, about which you have heard.

**Another step to improve our continuing assessment of forest harvesting and silvicultural activities** is the development of a much improved computer system to assist in determining allowable cuts and in analysing the impact of removals and regeneration activities. This new system, when refined, will produce the annual activity reports, as well as the five-year impact reports we have committed ourselves to present to the Legislature.

**Energy initiatives:** This year we have brought together the various energy-related projects being carried out in different programs of the ministry. Doug Drysdale, executive co-ordinator of program management evaluation, has been assigned to the role of MNR energy co-ordinator and a ministry energy task force has been established. Their initial task is to identify the most appropriate role for my ministry to play in supporting the government to meet Ontario's energy self-sufficiency targets. The energy task force report is expected early in the new year.

Meanwhile, I have a few examples of our projects to mention. These are being done with financial assistance and support from the Ministry of Energy. Eleven provincial parks are being used as demonstration areas for the application of solar energy. In cooperation with the Ministry of Energy and the Ministry of Northern Affairs, we are installing solar panels on comfort stations in our northern and seven southern parks.

**Mr. Nixon:** Seat heaters?

**Hon. Mr. Auld:** That means, keep your sunny side up. The aim—

**Interjection:** The aim?

**Hon. Mr. Auld:** —and you know that aim is important in comfort stations. The aim is to reduce our dependence on traditional energy sources for heating the facilities and the water for washing and showers.

My ministry is one of those participating in the Ministry of Transportation and Communications test project to convert vehicles to the use of propane for fuel. In the initial phase, we are converting 50 vehicles as our contribution to this demonstration project.

The Ontario Centre for Remote Sensing is providing the expertise for a Ministry of Energy program to acquire aerial thermographic coverage of 60 Ontario towns and cities over the next five years. This means using aerial photographic techniques to measure heat loss from houses so that owners will become aware of the need for energy conservation measures.

In a follow-through, the OCRS prepares all thermographic data for public energy conservation clinics and trains local helpers, usually college students, to do basic heat loss interpretation from the thermography for home owners attending the clinics.

The potential of forest biomass for energy purposes is recognized and surveys are being conducted this year to improve our information on this prospect. Of course, one of the objectives of our hybrid poplar research program is to determine the feasibility and practicality of using biomass as an economic energy source.

A major hydrocarbon inventory is being proposed for the next five years. We are convinced that lignite and peat can make important contributions to Ontario's energy needs.

**Mr. Chairman,** to wind up, I would like to share with you and members of the committee our pleasure and pride in the recent award of the Star of Courage to two MNR people whose acts of bravery in 1979 won our admiration. One of them is Frank Hicks, a biologist based at Huntsville, who used a ladder and a canoe in the dead of winter to rescue two snowmobilers who had fallen through thin ice on Baptiste Lake near Port Hope.

The other is Bob Grant of Kenora, one of our ministry pilots who, with commercial helicopter pilot Brian Clegg of Niagara Falls, rescued a passenger of a downed aircraft from the freezing water of Lake of the Woods. The members may recall that, while Mr. Clegg piloted his helicopter in incredible weather conditions, Mr. Grant climbed out on the skid, straddled it and then lifted the woman from the water. He remained on the

skid, holding her, until the helicopter was able to land near a hospital.

The quick thinking, courage and resourcefulness of Mr. Hicks and Mr. Grant were recognized by the government of Ontario with presentations from the Lieutenant Governor, the Premier (Mr. Davis) and myself as their minister. But it is also a matter of great pride, in which I know you all share, that both these civil servants from my ministry were recently presented with the country's highest recognition for bravery by the Governor General.

**Mr. T. P. Reid:** We should all get one for listening to all that.

**Hon. Mr. Auld:** It's the order of endurance.

**Mr. Chairman:** The critic for the Liberal Party.

**Mr. Nixon:** I am very pleased to respond, on behalf of the official opposition, to the remarks made by the minister.

It is almost like a Johnny Carson situation, where he and Ed McMahon are exchanging views at the beginning of the program. Johnny comes on with a report and Ed says, "I suppose every possible question has been answered by the original report." Well, I am just here to tell you that there are a few questions that remain unanswered, Mr. Minister, and we will have a chance to discuss them over the next few hours.

I was very interested in the management improvement plan you referred to. I want to pursue the implementation of the recommendations of your original review. I do not know whether it was in the library or somewhere else that I saw a copy of the operational review of the Ministry of Natural Resources from about 1978, and the Management Board of Cabinet response which must have led to the implementation of the management improvement plan, which you indicated in your remarks is now in its second or third year of implementation.

One of the things I was particularly interested in was the original criticism. It was not too rigorous, but still one which gave rise to the response on page 22 of your speech, having to do with what you call the "comptrollership system." The reference there must surely indicate concern that the expenditure of the funds in the ministry had been under something less than the most rigorous control which those people who made the review had expected. We may be able to pursue that perhaps further on in these remarks.

9:50 p.m.

I was also interested to hear the minister indicate that he was reducing the head office staff by 200. I should not ask the obvious question, but maybe I will: What have all those people been doing all these years? From talking to ministry people who have been in the field—I mean a long way in the field—for many years, there has been the feeling that the policy probably has been an overemphasis on the acquisition of highly trained academic staff who, working at the head office of the ministry or its various chief divisional points, have in some small degree perhaps lost touch with the actual situation in the field, and sequestered to themselves an inordinately large share of the budget which has grown over these years.

The old concept of the staff of the Ministry of Natural Resources, or of Lands and Forests and Game and Fisheries in years gone by, was that of being the person with the best academic training possible, which was achieved in parallel with a good natural interest and experience of work in the field—either in the management of wildlife, the forest resources, the mineral resources, or game in general.

Probably it was under the direction of the so-called class of '49 that the move away from the practical management of our resources towards perhaps the more theoretical basis of management took place. It may well be that the reduction in size of the head office staff by 200 is simply a turn in that wheel—not, I am sure, that you are going to ignore the importance of academic achievement in the formation and administration of policy, but that perhaps there has been, let us say, an overconcentration on that in some of these years.

In that connection, from my reading of the arithmetic in the retirement process with the magic number of 90 in the ministry—that is, age plus years of experience—leading to retirement, it would appear that many of your top officials are going to be retiring under the age of 60. I notice it is happening in many professions, teaching being one of them, that people who are probably just getting to the peak of the utilization of their experience and are in senior management positions are finding more and more that it is to their benefit, personally and otherwise, to simply opt out and go into retirement. In many instances they take on another career.

The fact that government policy has pretty much indexed the pensions of all staff means that we are, in this and other ministries, go-

ing to lose a very high percentage of our top people at ages under 60. I personally question the good sense of a policy that leads to that.

We have already congratulated Dr. Reynolds on a career of service here of many long years and we are told that he is retiring. I am not going to ask his age, but, not in any way criticizing his decision, you need only look at him to see that he is retiring much too young, considering the years of experience and leadership that he can still give.

The information you have given us of the large number of senior staff under the age of 60 we are going to lose is paralleled in many other ministries and, I would say, in other public functions, including education, right across the province. This may be great for the individuals but I wonder whether it is in the best interests of the people who are paying the bills.

In this connection, I attended a meeting—perhaps not in this room, just next door—where the Ministry of Government Services was indicating its long-range plans—not too long; five to 10 years' plans—to accommodate the various facilities in this building for the members. At the end of almost all their projections your ministry is sitting there, as sort of the bottom-line piece in the chess game. The idea is you are going to be moved out of the Whitney block. I don't know if you have been consulted in all these changes.

**Hon. Mr. Auld:** We are moving to Brockville.

**Mr. Nixon:** That is really something I was going to propose.

**Mr. T. P. Reid:** That will increase the number of retirements.

**Mr. Nixon:** They are talking about a new building for you people on the property east of Bay Street. That property has been—I suppose the analogy is a little mixed up—burning a hole in the pocket of the Ministry of Government Services for a long time. They own it and they cannot wait to tear down the revenue-producing businesses there and put up one of the Ray Connell type edifices we have had in the past, fine examples of architecture and utility.

I wanted to say almost what you said, that it would make more sense to move the ministry to Brockville or, let us say, some other place on the Canadian shield, maybe a bit farther to the north. I don't know why we feel the headquarters of the Min-

istry of Natural Resources has to be within a stone's throw of Queen's Park.

As long as the minister is here to field the stones that are thrown at him and the ministry, it seems to me the people who are actually managing our natural resources would be better deployed if they were out of the heart of downtown Toronto.

I would suggest to you, Mr. Minister—if you have the responsibility in the future, and if you don't find that your age and years of service adding up to 75 or something like that, is going to lead you out of this responsibility or, for some other reason, you find your duties change—that it would be an act of leadership on your part to move the headquarters of this ministry out of downtown Toronto and into some part of the province where I think the presence of your ministry would be more effective.

Failing that, the last thing we need is another downtown city block stripped and replaced with a government building. One need only go a few steps down University Avenue to find that Ontario Hydro, which should have moved its headquarters out of downtown Toronto as well—but we have heard that speech a number of times in the past—has, in its wisdom, moved into this glass structure, this beautiful building, Place Patronage I think it is called. Right next to it, it left its old headquarters.

It is absolutely ridiculous. It walked out of its old headquarters and, in all the years it has been empty, it has not been able to find a tenant. There is a pathetic sign out front saying, "Will renovate to suit tenant." There it is on the main street of our capital.

The government, which ought to be vaguely interested in the problems of Hydro—after all, they authorized the original move—is now looking for a new headquarters for you people east of Bay when that building could be cleaned up a bit, a nice new sign could be put on the front and the broadloom could be stripped out of your present office and moved to the tower room there. You would be all set.

I am suggesting that if you and your colleagues in these dying months of this administration get carried away with any idea of a new headquarters, we are going to have a nice argument about that. Please do not think that the move to Brockville or some similar place is so ridiculous. I would suggest Brockville might be better for the centre of some other government agency—perhaps you could think of one, Mr. Reid—and the ministry could move to northern Ontario.



I wanted to mention that because if you are undertaking a vast restructuring of the administration, cutting out a lot of the fat and making it a more field-oriented organization, one of the most effective ways of doing that would be to get the headquarters out of downtown Toronto.

I assure you the Board of Internal Economy would look with favour on a provision for a small suitable office for the minister in this building, and we will provide all the phones you need so you can contact your people. There will be the plane with executive configuration down at the foot of the street here so you can visit them any time.

Mr. T. P. Reid: Would you put a solar skylight in the washroom?

Mr. Nixon: Sure.

Hon. Mr. Auld: I have a different suggestion. Could I have Margaret Campbell's office?

10 p.m.

Mr. Nixon: I was very impressed with the presentation on the fires. I am very glad the minister and his staff were able to do it by means of pictures and commentary—with respect to the minister's speech which was a good one and riveting in every respect—because the idea of showing some of the problems that were faced is a useful one.

I wanted particularly to have more information from the ministry about the disposition of the burned-over property. I am sure we will be able to get it before this is over. There is some indication very little of it was salvageable and we should know whether or not there are some sawlogs there.

We would expect there must be a tremendous potential in that 1.3 million acres. I want to know whether the ministry has had any applications for salvage licences or whether it is actively going out and seeking them.

There was a picture of people going through the burned-over part putting in trees. I have a feeling it must have been left over from a previous circumstances and does not apply to this burn. That is great if they are going in there because, without going over all the business about the Brampton charter, we are going to hold you, Mr. Minister, and your cabinet colleagues to the commitment to reforestation.

I believe your officials have already indicated the details of the Brampton charter are unfulfillable in this connection. That does not mean we are not prepared to vote you the money and see that the program does better than it has done in providing for this resource which we always call renew-

able but which people who are less attuned to the support of the government policy tell us will run out as we are using it so profligately under present policy.

There is one matter I want to raise in connection with the fire. Perhaps it could be left for another occasion. It is a strong complaint which was put to the Premier, and copies were sent to other political parties at the time, by a person you may know of, Mr. H. Bruce Crofts.

He has associated himself quite closely with the Indian bands at Grassy Narrows and Whitedog. One of his serious complaints was that the ministry did not avail itself of Indian manpower in fighting those fires. I watched the pictures closely, not that they would be representative in any way, and there is no indication native people have been brought in to fight the fires, at least when those pictures were taken.

I do not want to detail his complaints other than to read briefly from a memorandum by Mr. Crofts, sent to the Premier dated, I believe, June 9, 1980. I quote just the first paragraph:

"On May 22, 1980, I received a call from Whitedog indicating the following: (a) that MNR had contacted the band, advising that a Hydro-sponsored work project involving 30 men might be closed down because of the hazard; (b) that, to date, no band members had been hired as firefighters; (c) that, on May 21, the band had called MNR Kenora and was advised no firefighters were required; and (d) that, on May 22, the band again asked MNR Kenora if firefighters could be hired from the reserve and again advised none were required."

I want to pursue it in more detail, perhaps in the vote itself. The public statements were that the firefighters were exhausted and that more were being sought. The band spokesmen contacted MNR directly and they felt their offer to fight the fires had not been taken seriously. There is some indication that MNR, in its response, said it hired some 10 Indians by the time the fires were finally under control, but it was clear that, during the time the emergency was on, the Indians were not hired and there was no thought of hiring them.

I want to put that to the minister because, a little later in my remarks, I want to deal in more detail with the ministry's responsibility vis-à-vis the native population. This charge from Mr. Crofts is a serious indication, at least in his view, that the ministry is not seriously interested in using the native people, many of whom are trained in

firefighting, as effectively as they might be used.

I want to say something about the situation resulting from the tragic fire 14 months ago in which seven young people and others employed by the ministry lost their lives in a forest fire. The inquest, as you know, has been going on for 44 days and was interrupted by a reference to the Supreme Court indicating that the coroner was exhibiting partiality. The result of that reference, over the signature of Mr. Justice L. T. Pennell, was made public, I believe, on September 8. I want to refer to the findings of the Supreme Court in this connection.

The Supreme Court found the coroner and ministry personnel were having dinner and talking in private, even when some of the personnel were on the stand as witnesses or during that period of time. The judge, in reviewing this aspect in his charge, said, "I am of the opinion that the impugned meeting would give rise to a reasonable apprehension of bias." He is referring to the fact that ministry personnel were meeting with the coroner on a private and social basis during the time the inquest was proceeding.

He also found that during the inquest counsel were unnecessarily quick on their feet and that counsel to the coroner and counsel for the ministry were opposed to counsel for the applicants and counsel for other parents of deceased students in interruptions during the inquest.

I have the judgement here. It is not a transcript, it is part of the judgement. It was found, and I quote from page 12 of the judgement, "Generally speaking, counsel to the coroner and counsel for the ministry were opposed to counsel for the applicants and counsel for other parents of the deceased students . . ." That is a direct quote from the judgement.

It must be a matter of concern to you, Mr. Minister, since it is now 14 months since the accident, that this inquest must be the most outrageous nightmare for the parents of the young people who were lost. I am sure it is difficult to describe their feelings of outrage and justice denied.

The minister, very properly it seems to me, has made a statement accepting certain responsibilities on a ministerial basis. I understand certain suits have been brought but we still are no closer to a public review by this committee, by a royal commission, or by some impartial body, to really lay the blame.

It is not sufficient for the minister to accept official blame on behalf of the government for certain decisions. It is necessary to pin-

point the individual responsibilities for decisions taken and it looks like the process we are presently involved in may never achieve that.

There are those who would say, "What sort of a witchhunt are you on?" I do not look at it that way. This is not a circumstance where, with the efflux of time, we should just forget a nightmare that has gone on. There were serious inadequacies in administrative leadership in this connection and I believe, personally, it is going to be essential we tie down the direct responsibility.

I have some more to quote from the findings of the judicial review. The judge further said: "The coroner made comments during the inquest which only served to introduce inadmissible evidence. The court ruled that the inquest be allowed to continue, subject to an order that witnesses be permitted to be recalled for further cross-examination on matters untouched or not fully explored; that the coroner allow summonses to be issued to call new witnesses under protection of a subpoena, and that that would give a right to persons with standing"—a legal phrase, evidently, indicating people directly and legally involved in the hearing—"to call any necessary reply evidence arising from such further evidence."

10:10 p.m.

In this connection the coroner had refused to make subpoena summonses available under certain circumstances. Mr. Justice Pennell and the two other judges involved dealt with this at length, but I want to read just one part from page 20 of their findings:

"In effect, the affidavit says that two persons, one a former employee and the other a current employee of the ministry, indicated that they could give relevant evidence but would not attend the inquest voluntarily because they were apprehensive that their employment would be put in jeopardy; that the coroner advised him that he would not issue any summonses in blank unless he gave the coroner the names of the witnesses and the substance of the evidence to be tendered."

I will not take the time of the committee at this time to read further, but I assure members that the context is a reasonable one and the minister himself may want to read further as to what Mr. Justice Pennell wrote in the judgement on behalf of the Supreme Court. He goes, in detail, into the rights of the coroner in refusing to give the summonses, but there are some indications that employees of the ministry had acknowledged they had additional information but were not prepared to come forward and volunteer it

because, they felt their employment might be jeopardized and that the summonses were not forthcoming.

Mr. Justice Pennell balances the right of the coroner to refuse the summons to his responsibility to see that any relevant information was going to be brought forward and he reached a conclusion that gave the defendants' lawyers the right to recall former witnesses and other witnesses.

Really, I gather from reading the judgement—obviously it is essential that justice is seen to be done and that relevant witnesses, or witnesses who might be seen to be relevant are required to give their information.

To get back to the point, the inquest went for 44 days and was adjourned for this court reference. We have gone all through the summer again, finally the judgement came down in September and I do not know what disposition has happened since then. I am not aware that the inquest has resumed. Has it?

Hon. Mr. Auld: No, I believe it is supposed to start on November 12.

Mr. Nixon: There have been a number of comments made—I would not say public comments made—about things that might delay or interfere or change the results of the inquest, and if there is any thought that this matter is going to be further delayed I would hope the minister would take the initiative to see that some form of a review of this whole matter takes place.

That brings me to this committee, because there was a reference to this committee which was proceeding for a period of time and, without recalling any of the acrimony associated with the way it wound up, there was a vote in this committee which indicated we were going to postpone further consideration of this matter pending the Supreme Court hearing. It also authorized the committee to retain counsel to advise the committee on how to proceed.

I quote from the *Globe and Mail* of April 22 of this year, an article by Stan Ozievich: "Last week the NDP and Tory members of the legislative committee joined to pass a motion to postpone its inquiry until the divisional court rules on the status of an inquest into the deaths." That has been done. "Part of the motion deferring the committee's investigation also empowered the committee to hire a lawyer to devise a work plan and provide independent legal advice once it is able to resume hearings. Yesterday the Legislature gave the committee its approval to hire a lawyer." That

is the end of the quote I want to make from that article.

I do not know what has happened in that connection. I am not sure whether it should be the opposition members who should stir the committee to some action. But if there is some thought that this matter is simply going to move away with the efflux of time, I can assure you that as long as I am around it will not.

I believe the minister's approach to this has been out in the open and healthy. But I would like to know why certain employees felt their employment might be jeopardized if they came forward as witnesses. I really think it would well serve the cause of justice and be to the satisfaction of the parents of these young people and others if we, as a committee, were seen to be aware of our continuing responsibility. I take it as my duty to remind you, Mr. Chairman, and Mr. Minister and members of the committee, that this is a duty that is pending for us and I believe we have to act to see that duty is discharged and fulfilled.

I want to say something about the office of the Indian resource policy. The amount payable there is, once again, \$50,000. In looking at that library copy of the 1978 operational review, page 20, under the office of the Indian resource policy I saw a statement which I will quote: "We believe the credibility of the office of Indian resource policy could be enhanced by the provision of sufficient resources to fulfil its mandate or, alternatively, the mandate should be amended."

I am not one of those who believe that the funding of the Indian resource policy committee alone is going to have a great deal of effect in solving the problems we are aware of in connection with the native community in the province. But I do want to say something about it.

To begin with, it would be unnatural of me not to bring to your attention again, Mr. Chairman, that the largest Indian reserve in Canada is in the constituency of Brant-Oxford-Norfolk. Of course, it was founded by the great Indian chief and warrior, Joseph Brant Thayendanegea.

There are 9,000 residents but, of course, they are not in the real sense treaty Indians, since they are Indians who were originally located, and were a very powerful and influential group, in the Mohawk valley of the northern United States. Being loyal to the British crown, they fought on the wrong side in the Revolutionary War and had to get out, along with many hundreds of other



people whom we now call United Empire Loyalists. So they came over here, not as natives from whom their land had been taken, but as allies of the crown.

They were granted all of the territory presently supervised by the Grand River Conservation Authority. All the property from the source to the mouth of the Grand River was theirs; some of the very best land anywhere.

The Indian community there is a very progressive one. They have an elected band council that runs their affairs. I can assure you, Mr. Chairman, that council and the provision of the services there are extraordinarily good.

The one matter which ought to come under our concern has been the request for advice and assistance in the provision of nursing home facilities in that large community. With the Indian Act of Canada and our provincial responsibilities for these matters, you can understand why everybody is confused. The Indian chief and council, being very wise and learned in this respect, are attempting very properly to get support from both levels of government for the provision of chronic care in the community.

They are presently using an historic old hospital called the Lady Willingdon Hospital, named after the wife of a previous Governor General. Obviously, it is one that is not up to anywhere near modern standards as far as fire protection and prevention is concerned. I wanted to bring that to your attention, Mr. Minister, before I go on to what I consider to be much more serious problems involving the Indian community.

10:20 p.m.

These have been discussed in the Legislature and in this committee for years, although we do not read about them in the headlines any more. I do not know if the Indians are using their rifles and shotguns to blockade roads and parks and things like that as they did a few years ago, to attempt to bring to public attention what they considered to be injustice in their treatment.

However, we know that their land claims have been postponed repeatedly—that, in fact, their land claims are holding up certain development programs that have been part of government policy for a number of years, and maybe that is a good thing. Not all those government developments sound to me as if they are the wisest ones in the world, sort of in the same pigeonhole as Minaki Lodge I would say. But those land claims are not going to go away either. We are going to have to come to grips with

them, and we know that other jurisdictions, both in America and in Canada, have found it was just and proper to pay over what appear to be enormous sums of money to quiet those land claims.

We have not done that in any significant way and, as a matter of fact, there have been strong complaints from the Indians themselves that they believe Ontario plans not to negotiate those land claims, but to simply use certain public relations procedures, and what cabinet minutes refer to as "modest increases in development funds" to more or less put them aside for a further period of time.

I am not capable of describing to you from firsthand knowledge, because I do not possess it, the sociological problems experienced in the Indian communities in northern Ontario or, to a lesser extent, in southern Ontario. But we are all aware that government policies having to do with timber, the harvesting of wild rice, fishing regulations, lake levels, mercury pollution, the provision of education services—particularly the inspection of education services—with alcoholism, the social services administered often directly through governments or through band councils, the facilities and requirements of our correctional services, all apply to the Indian community, probably more than to any other community. In many respects, our legislation and our regulations have more effect on them than the Indian Act of Canada. We really have done little with this.

Once again, I am sure the minister and his associates have read the statements made by Mr. Bruce Crofts, who I have already quoted in connection with using Indians for firefighting. I just want to quote briefly from an article written by Saul Littman, in the Toronto Star of September 17, 1980. He quotes Mr. Crofts in a memo addressed to the federal and Ontario governments "The Indians are the victims of provincial politicians who simply do not care. They regard Indians as nonresidents and dismiss them as the responsibility of the federal government."

I hardly believe that. As a politician myself I sometimes feel that the solution to the problems has evaded us for a long time, and nobody knows what it is. It is far too easy to say that it is simply a matter of transferring money to band councils or to individual Indians, and the Indians themselves know and believe that is not the case.

I can be critical of government policy and already have been quite severely critical, I believe. But when it comes to the Indian matters, I want to reiterate a proposal I

have made in the past. I do not know of anyone who has the answers, either in the Indian community, or in government, or in sociological circles, but I do believe that we are not adequately informed. Many of our colleagues—myself included, I suppose—do not read about it as much as we should. It is not sufficient to bring in the Indian chiefs to Sutton Place, have a nice dinner and have the Premier himself and various ministers there to listen to them, although that certainly is a good thing. I have attended these enclaves, these large meetings where the representatives of the Indians speak out.

I believe it is time for us to have a select committee of the Legislature, let us say after the next election. We can settle down and carve out some new work for ourselves. I would suggest to you that under the new government we would certainly do this.

A committee made up of members interested in natural resources and Indian affairs ought to get out of Toronto and up into northern Ontario, meet the Indians in their own council houses, in their own communities, see their homes, meet the kids, go into the schools and perhaps talk to the teachers. Mr. Crofts is very critical of some of the abilities of the teachers involved and very complimentary to others, but it is something that must concern us.

I would suggest to you, Mr. Chairman, that this is the only way we, as members of this House, can seize ourselves of the magni-

tude of these problems, and at least have a little more concept of what some of the answers might be. When these matters come before the House I feel they are interesting to only three or four of the members and to one or two of the ministers. Everyone says, "Nobody is going to do anything and it does not seem to be the sort of political thing that requires our action."

I believe the time has come, and maybe it is a relatively calm time in our relationships with the native people, when we must come to grips with this, whether it is land claims, the provision of education, health services, proper jobs in industries, or what to do with the rice business, which I always thought did not amount to much, but which can be and must be a huge asset for the Indian people. I wanted to put that suggestion to you. I feel this is an essential requirement before members of the Legislature will really know what they are talking about in this connection, and can participate, with government leadership, in what essentially will move us towards a solution.

With your permission, Mr. Chairman, I would like to continue my remarks on a variety of other subjects when the committee reconvenes.

**Mr. Chairman:** It being almost 10:30, we will adjourn to meet at eight o'clock on Tuesday evening and you will have the floor at that time, Mr. Nixon.

The committee adjourned at 10:28 p.m.

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**From the Ministry of Natural Resources:**

Forman, W. H., Fire Control Supervisor, Fire Management, Aviation and Fire  
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 Reynolds, Dr. J. K., Deputy Minister













# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**Fourth Session, 31st Parliament**

Tuesday, October 28, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, OCTOBER 28, 1980

The committee met at 7:02 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** I see a quorum. Mr. Nixon, will you proceed?

**Mr. Nixon:** I want to thank the clerk of this committee for bringing to my attention the fact that the committee report re the Nakina fire has not been adopted by the House. The report reads as follows: "Mr. Lane, on behalf of Mr. Villeneuve from the standing committee on resources development, presented the following report and moved its adoption:

"At its meeting of Thursday, April 17, 1980, during consideration of the annual report of the Ministry of Natural Resources for 1979 and the matter of the Nakina fire, your committee agreed as follows:

"That this committee (a) engage legal counsel; (b) the committee, through a steering committee advised by counsel, develop a detailed plan of work; (c) defer any further consideration of the matter presently before it until the ruling on the neutrality of the inquest has been handed down and that items (a) and (b) above are accomplished."

I will not read the rest of the report and will finish the quote from the legislative record at that point. I wanted to reiterate my view that this matter pertaining to the disastrous and tragic fire 14 months ago should not be allowed to go much longer without a review by some body. If the minister or the government were to announce such a review or make a statement in the House having to do with the status of the inquest, that might be sufficient for now. But I cannot help but think that the situation resulting from the Nakina fire still cries out for the kind of detailed investigation that could be carried out by a public inquiry or, failing that, by this committee.

I am of the opinion that the committee was doing reasonable work in reviewing this

matter before the motion resulting in the report that I have read was put forward. There seemed to be a feeling among the majority of the committee at that time, although I and my party did not support it, that the matter should not be further discussed until the Supreme Court reference had been completed.

At the previous meeting of this committee, I read to you the judgement of His Honour Mr. Justice Pennell, having to do with his review of the complaints that had been lodged against the coroner. As the inquest had already gone on for 45 days and had been adjourned since the spring, we are still not entirely aware as to what the coroner's plans are or when the inquest is liable to resume or be completed.

I know the minister is as concerned about this as anyone. I wanted to be sure I had not misled the committee in my indication that the report had been accepted. That is the position stated by this committee, and I believe we have a moral commitment to act on it. I know the minister will want to say something about that later.

It is not my intention to go over all the things I said in the first meeting, but I did want to refer once more to my suggestion that during the next Parliament we should consider establishing a select committee on Indian affairs. I have put this forward probably for the last five years.

While I know that impartial observers often pooch-pooch the formation of another committee, I am very much of the opinion that members of this Legislature should be empowered to travel to the various Indian reservations, largely in northern Ontario, though I, for one, would certainly want them to visit the reserves in the southern part of the province as well, so that we can discuss with the chiefs and the councils right in their own council rooms, in their own communities, their view of what the future holds.

Indian land claims are being settled by other provinces and states. So far, Ontario has done nothing in this connection except, in the minds of the Indians, to mislead them.



I also referred to the promontory-to-promontory land claims and the fact the Indians feel the ministry, and the government of Ontario in general, has not offered to come to grips with that particular land claim or other specific ones that have held up specific development in the north. We are going to have to do something about that. I would suggest that for whoever is running the show in the next Parliament this should be a matter to be undertaken, so that in the next three or four years there can be some reasonable disposition at least to some of the problems.

As a footnote, I also want to say that it really has always been a valuable exercise in history for this ministry, formerly the Department of Lands and Forests, to undertake a trip to the north for the members of the Legislature. I do not suppose the northern members would enjoy it that much, having to live there and go there every weekend. To them it would not be new, but the trip can take them into some other areas of the province, God's country and so on.

I can well recall the grand tour organized some years ago and attended by both the honourable gentlemen at the head table. I will think of the minister's name in a moment—he was a Toronto member who was Minister of Lands and Forests—yes, Kelso Roberts, of great fame and renown. He undertook to organize the trip. We used the Ministry of Natural Resources air force. I cannot say we went in style, but we really saw the north. We slept in sleeping bags on the floor of a school at Trout Lake. We ran foot races in the twilight of midnight with the Indians and were beaten cold every time. We flew to Severn, where we were welcomed by the residents and were fed very well.

I can also recall the weather closed in a bit as we came down the coast of Hudson Bay. It was decided that only the new turbo Beaver, the first one we had acquired, was sufficiently instrumented to take us into Winisk or Attawapiskat and a lot of those places.

**Hon. Mr. Auld:** There certainly is a big difference.

**Mr. Nixon:** I can recall it was decided that the minister, Kelso Roberts, would go. There would be one from the Liberal Party and one from the New Democratic Party. We drew cards for this flight, which was going to head off into the freezing fog to pay our respects to, I believe, the community of Winisk. Imagine my consternation when the cards were handed to me and I drew

the ace of spades. I thought there were going to be three by-elections as a result of that.

**Hon. Mr. Auld:** I am told there was greater consternation because you took it with you.

**Mr. Nixon:** I keep one up my sleeve all the time.

**Hon. Mr. Auld:** You ruined the poker game.

**Mr. Nixon:** My point in all this was that we visited all these communities. We ate and drank with the residents. We had a good time, but that goes without saying. You may remember that we presented each of the communities with three flags. In those days we were very flag conscious. The administration, for some reason, did not want to present just the maple leaf flag, it wanted to present a Union Jack as well, believe it or not, and of course a flag of the province.

As I recall, Major Lex Mackenzie, a very great gentleman and a good friend to many of us, was the spokesman on each occasion since he had a military background and had a certain bearing about him that warranted his being our spokesman. In most of the areas, however, the Indians did not speak English. I believe they spoke Cree, but we had a translator there and poor Lex would speak for 20 minutes while the translator would speak for about 30 seconds. I asked him how he could translate in such a short time all of those sentiments expressed by Major Mackenzie. He said, "We have a phrase"—and he pronounced it for me—"which means 'and all that crap'."

**Hon. Mr. Auld:** That is what we could do in the Legislature with some of the orators.

**Mr. Nixon:** I think we could perhaps introduce that.

I want to say I believe the ministry is failing in its responsibility in not educating if not the great masses of people in the province, at least the elected members of the Legislature from the southern part of the province.

As a matter of fact, when it is well planned there are even occasions when we do a little fishing where there are supposed to be fish. I have not really been swept off my feet by the good luck and good fishing yet, even with the very best guides the ministry was able to produce, but I am always confident. I think that is the sign of a good Liberal: we always think things are going to be better.

**Mr. J. Johnson:** Maybe after the next election the minister can arrange this.

7:10 p.m.

**Mr. Nixon:** I doubt I will be the minister. That is one thing sure. Whoever the minister is, I hope when he reads these comments in detail at our expense it will be a part of the new government's plan. It takes some planning to do it well. One thing we do not want is a progress from municipality to municipality where the mayor and council wine and dine us at our expense and then tell us how dumb we all are. The latter we know, I suppose.

**Hon. Mr. Auld:** Could I ask you one thing for clarification? You mentioned the Indian land claim peninsula. Are you speaking of the headland?

**Mr. Nixon:** The headland, yes.

**Hon. Mr. Auld:** There is a meeting coming up with Treaty No. 3 on that next month.

**Mr. Nixon:** I know I have taken quite a bit of time already and I will not bother reading all the clippings because the minister is as aware of them as I am. The Indians have received extracts from cabinet minutes, which is really a strange thing indeed.

**Hon. Mr. Auld:** Draft cabinet minutes?

**Mr. Nixon:** Presumably the draft is based on something that happened in the cabinet or at least reflected the views of the cabinet. They are under the impression that the minister and his colleagues are not taking the matter seriously, that they are going to embark on a public relations campaign and make small to moderate concessions that will simply postpone the problem.

I am not equipped and I do not want to get into a slanging match about this, other than to say we have not done this well enough as yet. In my previous position as leader of the party, I used to be very graciously asked by the minister's predecessors to meetings with the chiefs. They were held at Sutton Place, or before that at the Westbury when that used to be the headquarters for some of the important meetings that were held. The chiefs and all of us were treated to grand entertainment or, let us say, hospitality, but they must have felt, as I did, a bit overawed by the magnificence of the hospitality and the presence of the ministers themselves.

A lot of people who are not placed just as we are, still are under the impression that ministers are very special people and that having the seals of office gives them certain qualities they were not born with. Most of us know that is not so. Knowing the character and personality of the minister, he would be the last of his colleagues to assume any

pretensions that were not warranted. I do not think that is true for ministers in general—federal, provincial or anywhere else. There is a disease that goes with the assumption of office that has to be very carefully controlled to keep the minister somehow approachable, not only to members of the Legislature but to people such as the Indian delegations that might not tend to put their views forward in a way that would be the most effective.

Just going on as quickly as I can, I was concerned about comments made by the minister having to do with the licences to export for refining of the ores. I am very interested in what the criteria are that give rise to those licences. I have the impression that the mining companies go to the minister and explain to him that to maximize their profits a licence should be extended so that they can take the concentrate to Norway, Sweden, Wales or somewhere else, use facilities already set up, bring it back here in a refined form and maximize their profits.

I feel sure nobody on this committee believes that should even be a single criterion. Certainly, we have to be in a position to protect the industry and, particularly, to develop secondary industries related to the mines that are going to give the kind of employment and, just as important as that, the confidence to the northern mining communities and some not so far north that would go along with a tougher application of the section 113 provision of the Mining Act. I will not dwell on that. There are some members from the large northern caucus of the Liberal Party who will want to speak more directly and specifically about that.

The responses today to the questions about clear-cutting may have been adequate. I could not make out every one of the concepts put forward by the minister in his answer, even though he did offer, and in fact threaten, to repeat them. The pictures that were being waved around came from the minister's own agency. What do you call that, extrasensory perception or something?

**Hon. Mr. Auld:** I call it photography.

**Mr. Nixon:** It was in your big speech.

**Hon. Mr. Auld:** Which big speech?

**Mr. Nixon:** The Ontario Centre for Remote Sensing. I believe they were the ones who took the pictures showing the massive clear-cutting in some of the areas of the north. The information from the report was quoted to the House by my leader, indicating that a clear-cut situation like that has special problems of regeneration and the best you can

do is a third regeneration on a clear-cut basis.

I was interested to read a letter in the Toronto Star by our good friend and colleague the spokesman for the NDP (Mr. Foulds), indicating his party's concern with this matter as well. I am very glad they have got to the point where they are expressing that concern. I did appreciate the fact that at least in his letter he set out in point form what they believe the program should be.

While I know that in the past the NDP has very clearly been for the nationalization of those resources, that was not an alternative that he put forward. I thought the alternatives that were put forward that were not associated with a political alternative were very good ones. I know that in his remarks later on he will be dealing with that in a way that will be useful to us all.

In my earlier remarks, I did raise the problems that would be experienced in harvesting the burned-over forests from the huge fires of this year. I was interested to see reports in the Thunder Bay press that there was some thought that the ministry might be building some new roads into the area to make the harvest a little more attractive. We very seldom get applications for salvage licences, and I hope the minister is going to be able to say something about that.

I see the major part of our northern caucus has arrived. I just want to say something about wildlife and fisheries, which are of particular interest to southerners as well. I have a couple of the excellent publications from the ministry. The first one is entitled Deer Management in Ontario and it says, on an unnumbered page two, under "What Are The Problems?": "Since the mid-1950s the number of deer has decreased by almost 70 per cent. People do not see deer as often as they used to in Ontario."

From Moose Management in Ontario, Problems and Possible Solutions, under the heading "The Problem": "In most areas, moose populations have declined below numbers that the habitat can support." I do not understand that very well. It goes on to say, "The provincial herd today is 35 per cent smaller than it was 15 years ago."

On that basis, I want to quote from a report entitled A Report on the Operational Review of the Ministry of Natural Resources, which is not the most recent thing. It is dated October 1978, and I quote from page three, under "Wildlife Branch":

"The wildlife branch appears to have gone through a difficult period, exemplified by

personnel problems, low morale and lack of accomplishments in some areas. There are no well-defined wildlife policies in existence on which planned, proactive"—that has to be an MNR word, I am not familiar with that word proactive—"management programs can be based. Also, with the exception of the fur program, there are no comprehensive management guidelines and programs for most wildlife species or for other programs such as wildlife extension.

"It appears that to date the policy and management section have been, to a large extent, reactive and crisis oriented. They were primarily engaged in activities such as supplying information to the public, responding to ad hoc demands being made by ministry management rather than in a systematic development of policies and wildlife management programs. As a result, there are no reliable and comprehensive inventories of wildlife species on which management strategies can be based.

"It appears, therefore, that wildlife in Ontario has never been managed in a proactive manner." I think they mean for the last 37 years. "At best it can be said that it was only influenced by such things as the manipulations of hunting seasons, by enforcement activities and by special projects undertaken from time to time."

7:20 p.m.

I want to quote also from this report having to do with fisheries, since my brief remarks are going to deal with both of them. This is from page four of that same report:

"For a number of years the ministry has used a crisis response approach to fisheries management throughout the province. Limited resources, coupled with weak strategic planning processes, have caused the primary emphasis to be placed on responses to local public demands and to maintain fish populations through artificial regeneration and enforcement of fishing regulations. As a result, a considerable concern has developed over the very limited effort which appears to have been directed towards rational longer-term programs."

To be fair, I should also quote, skipping a couple of paragraphs, "It is our view generally that the branch is well-managed and is providing a reasonably high level of service to its client groups." The quotes are very powerful self-evaluation, it seems to me, indicating that the minister, who has now been in office in this ministry two years, must have been rather startled when those



criticisms came to his attention. I would be very glad to hear from him what steps he has taken to correct the problems I have tried to put to the committee in a very brief and, of course, unprofessional way.

Ontario should be a Mecca for hunting and fishing. It may be that because it has been a Mecca, the hunting and fishing are no longer as good as they should be if our resources had been adequately managed over these years. I don't ever recall an occasion when the ministry was shorted on funds for programs that would be classified, using the MNR word, as "proactive." With the exception of northern members particularly, and a few who are especially trained who don't have the advantages of coming from the north, everyone wishes the ministry and its staff well. We feel a certain confidence that the resources, particularly our timber land and mining resources in the north, are the backbone, next to farming, of an economy that has treated us well for scores of years.

The concept that inadequate management has reduced the herds and the fishing and has had such deleterious effects on our woodland resources that we can almost see the end of those resources—to use the phrase of the member for Rainy River (Mr. T. P. Reid), "turning our forests into deserts"—is the sort of thing we find not just disappointing, but horrifying.

You have never been short of funds. Even though your own speech indicates you are a little bit concerned about the management of those funds, and I suppose this committee is here to add our concern to yours, still we are prepared to vote you money for the programs that are going to affect our forests so that they regenerate at a rate to meet our needs not only now, but in the future. We are prepared to support you in the kind of legislation that will see our deer and moose herds maintained and our fisheries expanded.

I want to go on with that last point briefly because the fisheries, almost in spite of government policy in southern Ontario, are becoming a very important part of your management responsibility. I am talking about salmon fishing particularly, which has grown tremendously. Although I have never been out salmon fishing myself, my friends who do go say it is great sport and you actually catch some fish. Some people are a little wary of eating them, but I think on certain occasions they make good eating and probably they are not in any significant degree contaminated. That is another area of concern, particularly in Lake Ontario.

It was interesting to look at some of the statistics available. I understand the salmon fishing business in this last year brought a net revenue of over \$10 million to the outfitters, or the charter captains, in the area. They don't call themselves outfitters down here. The business has grown from zero in 1974 to 70 boats in the salmon fishing charter business in 1980, amounting to an investment of \$20 million.

We are told that lack of action by the ministry means we are still passing up a good deal of fishing sport and also passing up a good many tourist dollars. The figures we have indicate the stocking program puts 120,000 salmon per year into the Great Lakes system, but New York state is putting in 2.5 million fingerlings and Michigan is stocking at the rate of six million a year. It is interesting to compare the growth of the salmon fishing industry in Lake Michigan and those waters controlled by the state of Michigan as compared with our own. It has grown tremendously. A report indicates their director of fisheries has very impressive projections for the amount of fishing translated into tourist dollars that they see there.

This leads to some extent to a consideration of a resident fishing licence. I know this is a matter that concerns us. I don't particularly want to pay a fishing licence when I go fishing in Fairchild Creek, which runs through our farm. If there were a program that was clearly related to a situation or an understandable administration for building up the fisheries, I think most of the sport fishermen would not be averse to a resident licence being brought in. In my experience in politics, every time I have said something like that it has been thrown back in my teeth a few months later.

Still, I believe when we look at the views expressed by the anglers' societies and so on, many of them feel the government is not doing enough. They know that money is tough, even for MNR, which has never been turned down or cut back. I don't even think Management Board of Cabinet treats you very harshly. We are very much in support of your programs. We are critical of them because we feel they have been misdirected in many respects or they perhaps have not been large enough.

I, for one, would not object to a resident licence. My colleagues can speak for themselves in that circumstance. I would hope we can have a program whereby the minister can see the funds available for a program that is going to be effective to help us not

only maintain our fishery, but allow it to grow at least in parallel with nearby jurisdictions. I have a couple of quotes here from some anglers and hunters, but I think the minister would already have seen those.

Finally, I want to deal with a subject dear to my heart, that is, the role of the ministry in southern Ontario. I can't help but feel, now that the conservation authorities have been expanded to cover most of south Ontario so that they are no longer based just on the river watersheds, there has to be some duplication. The ministry has its facilities, offices and staff at various regional and district points and the conservation authorities have their staffs and their facilities as well.

I appreciate the fact that under the minister's direction there has been an attempt to reduce the overlapping, but I believe it is still significant and to some extent wasteful. I believe there are two alternatives. One of them would be consonant with my recommendation that the headquarters of MNR be moved out of Toronto and up into the north. Frankly, I would like to see that happen. I will not repeat that part of my speech.

The alternative would be for the minister to indicate what his views are on the future of the conservation authorities. I know I discussed this last year. The minister has a bunch of reports here which I certainly want to read in detail to everybody. The minister established a working group on the mandate and role of the conservation authorities. This was probably in response to the complaints from the conservation authorities that they were not being supported sufficiently in fulfilling the goals they had established for themselves under the mandate of point number 11 from the 1943 manifesto of George Drew, who created the conservation authorities—not everybody remembers that. Complaints came also from the municipalities, particularly members of planning boards and members of council who feel that the conservation authorities have intruded their authority far too much into the responsibilities that the municipalities themselves must hold.

7:30 p.m.

I was interested in reading the reports of the three municipal organizations, that is umbrella organizations, in responding to the request from the minister's working group for their views on conservation authorities. All of them began by saying they didn't have enough time. I am not sure what the

time frame was and I don't know how significant that was, but I know these groups, if they are asked to express a view, particularly one which might not be acceptable to everybody who reads it, might want a lot of time to be sure that what they say can be backed up by all the facts available. Then they also say that the conservation authorities should be limited to having to do with flood and erosion control on the watershed. That was a nice way, I guess, to suggest getting them out of planning and getting them out of a good many other operations into which they have expanded over the years since 1945.

I would like the minister's view on that because in our own area the Grand River Conservation Authority, which is the largest in the province and the oldest, is extremely well-established. The minister knows they have built for themselves what you might call an adequate headquarters. Their staff has grown tremendously as their responsibilities have expanded, but still, when you read the reports from these various municipal organizations, a number of phrases leap out.

One interesting report was that of the Waterloo Region Review Commission, chaired by Bill Palmer, who used to be the chairman of the Ontario Municipal Board and used to be Deputy Minister of Municipal Affairs, and is well known to many people around here. I want to read two or three excerpts from his report which was reviewing regional government in the area. On page 195, he says: "The Grand River Conservation Authority is missing at least two key characteristics—it does not have an electoral base and it cannot levy taxes—which prevent it from doing what is needed. Without these tools, the authority is at the mercy of the province and municipalities which in turn can and do escape responsibility for flood and drought by pointing out that the GRCA is responsible."

In other words, it's sort of a catch-22. When we have a flood in the Grand that does damage in Paris, Ontario, we give the conservation authority hell. The minister responds by appointing Judge Leach to a royal commission and he makes a report that indicates there were certain delays in warning the town and so on. But the chairman of the conservation authority can point out that they have had a flood control program that has been carefully detailed for years. Because of lack of funds, the dams have not been built. As a footnote, he indicates that in

many respects it may be a good thing the dams were not built, but that's another story because their responsibilities are so divided. They have a very elaborate park system, one of the best in the world, and I would suggest their parks are probably better than the minister's parks when it comes to the care and upkeep and the facilities that are extended to the citizens in the area. Pinehurst Park, in my own township, which the minister may have heard of or may have even visited is outstanding summer and winter. It is a great spot.

But I go on to read from this review. I don't want to read more than I should because it's a lengthy report. I suppose I should jump right to Bill Palmer's recommendation on page 198, recommendation 0.22, "That the province and municipalities study the proposals to disband the Grand River Conservation Authority and replace it with a more effective decision-making process." That was a very serious recommendation indeed. There was a time, and it still exists in the minds of many people, when to write such a recommendation would be tantamount to asking for a tar and feather party, because the conservation authorities, particularly in the days of their inception, had the great advantage of commanding a good deal of volunteer spirit.

Citizens were anxious to work at no fee on advisory committees and get right out there and say, "Finally we have a vehicle, supported by government at both levels, provincial and municipal, which is going to do something about our wildlife; retaining wetlands; being a suitable repository for gifts of land; to buy land for parks and so on," and let as the conservation authority movement. I shouldn't say the conservation movement but the authority movement—has grown, they very naturally, because in my view of inadequate leadership from the province, have expanded into all sorts of areas.

Most conservation areas now have elaborate education programs. Hamilton Region Conservation Authority has a very expensive and elaborate school system and the kids are brought in from the schools to be trained in conservation matters. It is very worthwhile, but we already have a school system. They have a park system that is extremely good and I am in no way criticizing it, but we have municipal parks, conservation authority parks, we have an extensive park system the minister operates, there are federal parks and private parks as well. You can't tell me there

isn't duplication and waste under those circumstances.

Interjection.

**Mr. Nixon:** The conservation authority gave the sewage system to Sudbury so you got your share. You never would have blasted those holes through the bedrock if it hadn't been for grants from Toronto to the conservation authority. A guy named Caswell arranged it.

**Mr. Martel:** My friend Colin, a good Tory.

**Mr. Nixon:** To be fair to Bill Palmer, I want to quote just a line or two after the recommendation I found to be very startling and which I read to you. "We emphatically state that this recommendation does not suggest that efforts to prevent or control flood and drought on the Grand River should be lessened. Moreover, praise is due to the chairman and staff of the Grand River Conservation Authority. We in no way envisage the disbandment of this highly capable and motivated group. Rather, it is suggested that the present administration be transferred to the province of Ontario."

There are other reports here. I have read the municipal reports. Out of the library, I got the report of the Provincial-Municipal Grants Reform Committee which has a very good review on a more general base of the future of conservation authorities. They play around with the disbandment alternative and reject it, but they do say the function of the authorities should be limited to flood and erosion control and certain watershed management areas.

There's a clear feeling in the municipalities that the conservation authorities' movement into the responsibilities of planning is difficult to support. The feeling is that the extremely good and professional information should be made available to the planning authorities and those authorities deal with it as they see fit. If you were to map the valley of the Grand River at a level where the water would rise on a once-in-100-years occasion, parallel to the 1954 Hurricane Hazel situation, we find the whole town of Paris ought to be moved up on to the hills. As a matter of fact, it seems the conservation authority will not permit, except by special permit, any rejuvenation or building in the area.

The minister's colleagues in the Liquor Control Board of Ontario wanted to build us a new liquor store and they were stopped by the conservation authority. It was only by very serious and careful examination



that we were able to get a permit to build a liquor store in the town of Paris. There is very little sold there but we feel the facilities should be made available.

As a matter of fact, the Brant county school board, another of those massive organizations that has grown so expensive; decided it needed—you guessed it—a new headquarters and the land they wanted to build on was what the conservation authority called a flood plain. The board of education had to get down on their knees practically but they, too, were granted the exemption.

7:40 p.m.

Not everybody can get the exemption, and I think that is a proper thing. But I believe the local planning authority, with all the checks and balances associated with it, could very well make use of the technical information provided by the conservation authority. The fact that the authority has on it representatives of the municipalities in no way makes it responsible.

As a matter of fact, one of the reports from the umbrella municipal organization indicates, and I quote from it: "The conservation authorities, because of their base, become a closed and independent group." I am sure the various members of authorities would object to that, but that is the way they are observed by municipal officials. I want to put it to the minister that he at least—I guess he did it—appointed this working group on the mandate of all the conservation authorities. I am not sure he himself has come to a conclusion as to what lies ahead.

I simply want to reiterate that we don't need you and the conservation authorities both in all parts of southern Ontario, with the duplication involving the waste of funds so associated. If you are going to keep the conservation authorities in southern Ontario, then I would suggest that you lessen the ministerial role and concentrate your role in the north. Of course, the conservation authorities report to the municipalities and they report to you. They have two masters, and in that sense they have no master. The alternative, I believe, would be to redefine the function of the conservation authorities. I look forward to expressing further views when the minister is prepared to outline his policy in that connection.

That concludes the remarks I wish to make at this time.

**Hon. Mr. Auld:** I only have one comment to make, Mr. Chairman. I hate to think of that liquor store being flooded out in the

spring and everybody complaining about more water in the booze.

**Mr. T. P. Reid:** You can't have it much more than you guys already do.

**Mr. Foulds:** I have a feeling the minister has just broken cabinet solidarity and voiced a criticism on an agency run by one of his colleagues.

**Mr. Chairman,** I indicated to the member for Brant-Oxford-Norfolk the last time we spoke on the same occasion in the Legislature that I have always admired his style but I have always had questions about the substance of his connotations.

**Mr. T. P. Reid:** That's one out of two—more than we can grant you.

**Mr. Foulds:** I would like to start with a few words of tribute to an employee of the ministry I knew well who is not with us this year, Lou Ringham, whom you mentioned in your opening remarks. Lou had his critics, and occasionally I was amongst them, but he is a man who was always committed to his job and to his duties. He was committed to carrying out those duties in the best way he saw possible. As an assistant deputy minister for northern Ontario, he often did the job of the Ministry of Northern Affairs before that ministry actually came into effect. He was a man who understood the conflicting interests and the conflicting pressures on natural resources.

He was not the world's greatest public speaker, and I often think that his slight deafness was a handicap to him in testifying, for example, before committees such as this one. I will always regret, more than I can say, some of the awkwardness he was put to before this committee when it was discussing the matter of PB-3. That will be something, frankly, that I as a legislator will be haunted by all of my legislative days. Words were put into his mouth that were not said, and as a legislator I regretted very much that that happened to one of the public servants of this province.

Knowing Lou, as the member for Rainy River says, he will be enjoying life with zest during the course of his retirement. My two abiding memories of him are personal ones. I think they show something about the man. One was, when he was already into his fifties, he took dancing lessons at night at Lakehead University in a community program. My wife had persuaded me to take those dancing lessons as well, and Lou was much better than I was.

**Mr. T. P. Reid:** And he was leading.

**Mr. Foulds:** Exactly. Absolutely right. He certainly did not let his slight deafness deter his enjoyment of the music or the dancing.

The other one is a memory of him that I will have because of his commitment to his job and the way that an assistant deputy minister for northern Ontario can carry out the duties of the ministry by not breaking its policies but by working through them and perhaps slightly around them.

In 1975, I had a phone call from one of my constituents whose father had a sudden heart attack at a remote lake that was inaccessible by road. The companion to that man had walked out of the bush. It was not very far from Thunder Bay, but the man had walked out and contacted the family. The family, in a panic, had contacted me. I got hold of Lou at a summer camp and he in turn got hold of the fire service—it was during the fire season, although it was not as serious as some of the ones we have experienced—and ensured the first available plane got out there to pick that man up and get him to hospital. To this day that constituent owes his life to action and initiative undertaken by Lou Ringham.

**Mr. Wildman:** Would that the Minister of Health (Mr. Timbrell) would act as quickly.

**Mr. Foulds:** They charged the Ministry of Health for the service, and I don't blame them. Those two memories of Lou Ringham summarized the man for me. I wanted to say those words in tribute to him.

**Mr. Nixon:** Just while the member is drawing breath, I want to associate myself with the compliments he has extended to Mr. Ringham. I am obviously not a northerner myself, but during those tours of the north he used to have an important role to play. He is one of several that I remember, but I remember him very well indeed because of the interest he took in meeting the individual members and getting to know what we had to think about the north and expressing his own views. I want to associate myself entirely with what has been said and certainly will regret his departure from the ministry.

**Mr. Foulds:** I have not such kind things to say about the minister's opening statement. The minister's opening statement was item by item, thorough, detailed and deadly. The minister has earned his reputation as a defence player. I think Norman Webster, to his eternal regret, once wrote a column calling the minister the Doug Harvey of the Big Blue Machine in sort of lobbying back

and throwing the puck into the opposition area and so on.

**Mr. Wildman:** Passing the puck, you mean?

**Mr. Foulds:** Passing the puck, yes. The minister has had a reputation until recently of never getting into trouble. But I think in many ways this statement, this one-pound, three-ounce, 137-page statement is sort of symbolic. It is symbolic of what is wrong with the minister and what is wrong with the ministry. It lacks vision; it lacks direction; it has no sense of what is important and what is not important. Even its most compelling section, which dealt with the wildfires of the past season, gave no hints as to what is being done now to avoid a similar season next year.

7:50 p.m.

We know the minister and his staff and everybody else will be praying for a lot of rain, a lot of snow and a slow melt, but there are man-made factors that do increase fire danger, such as the slash that covers large clear-cut areas, the debris we have in existence from this past season and so on. There is nothing in the statement that tells us what action the ministry is taking now and will be taking over the coming year in anticipation to do its best to avoid those man-made factors.

Just dealing with that particular section: I toured the Thunder Bay 46 burn after it was over and had a very good briefing from the local officials. I understand that the ministry is just now pulling together the information it had over the past season. As we were watching those slides, I had the sense that when the crisis is upon us, we mobilize as for war, which is right and proper, but when the season is not upon us, we don't look at possible refinements or alternative systems.

When we get to that actual vote, I will be looking at it in some detail and I would like the minister and his staff to be thinking about some of the advantages and disadvantages of the alternative system. For example, the management and organization of the fire fighting system in Quebec is really quite different from what we have here in Ontario. I know they did not have the drought we had last year, and I know the comparison we were presented with compared us to the western provinces because those conditions created by nature were the same in north-western Ontario in particular as those in western Canada, but we did not get a sense in these estimates, when we are looking at

the expenditures for next year, that there were new ideas and new plans for meeting that kind of problem.

I guess this is the third year now that I have done these estimates. I get the sense of missed opportunities and the sense of a ministry and government that does not realize the potential of this ministry.

My colleague the member for Algoma (Mr. Wildman) is the spokesman on northern affairs. Whenever we get to discussing development, potential and all of the kinds of things we, as northerners, would like to see developed in the north, we get the answer from the Minister of Northern Affairs (Mr. Bernier) that it is just a co-ordinating ministry; it is not a ministry designed to use the base of our natural resources to develop the secondary industries.

When we get into discussing these estimates, what we get is the accountant's view of the ministry, an item-by-item, painstakingly thorough account of the various programs, but we don't get any sense of how those programs are integrated into a vision of development for northern Ontario. There is a sense of exploitation; there is a sense of conservation; there is a sense of planning; and there is a sense of management. I grant all those things. But, aside from occasional references in documents such as the strategic land-use plan in northwestern Ontario, there is no sense in terms of using the resources that come under the management of this ministry for northerly development to develop our economy in northern Ontario, and especially to develop secondary industry in northern Ontario. That is true whether we talk about minerals, forestry, fish or wildlife.

When the minister discusses these estimates or when we get into controversies about the use of iron ore deposits, there is no sense that it can create an economic base, by the proper development of our resources, for northern Ontario. The case is stated occasionally, but it is never shown.

In the tragic case of the town of Atikokan, which I dealt with extensively last year, the ministry simply could not cope with the idea that its responsibility was not merely to see that some jobs were created in the mine. The ministry could not see that it was its responsibility to continue the social and economic development of that town as the mine phased out.

**Mr. Wildman:** They had 30 years.

**Mr. Foulds:** They had 30 years to do the finding, as my colleague from Algoma inter-

jects. It may be, and this is one of the tragic things about this ministry, that people in the ministry are basically well-qualified, decent, good people. There are one or two notable exceptions, but we won't go into personalities here.

**Mr. T. P. Reid:** You mean the minister.

**Mr. Foulds:** Actually, just as an aside, when the minister was talking about an affirmative action program, it did occur to me to interject that there is a very strong rumour that in one of the positions at the top, the ministerial position itself, the blood runs cold in the ministry every time there is a hint that the member for Scarborough East (Mrs. Birch) or the member for St. David (Mrs. Scrivener) might be appointed Minister of Natural Resources to further the ministry's affirmative action program. That is just an aside, and one of those asides that probably, like many of the asides of the leadoff speaker for the Liberal Party, he has come to regret.

The ministry is engaged in work that most of the people of Ontario support. It is engaged in fighting fires; who can knock that? You don't fight Smokey the Bear, do you? Anyone who is suicidal might, but nobody with any sense does. Who is against parks? Only conservation parks. The things the minister and the ministry administer are things the people of Ontario feel deeply about and support. It is the sense that the ministry abdicates its responsibilities when it gets to initiatives, because it sees its responsibilities as being very limited—only the exploitation of ore, not the development of it and not the development that should come with that.

The ministry simply cannot cope with the international investment patterns in the iron ore industry or any mining industry. It cannot cope with taking on the strength of the multinationals like CPI in this day and age. The government therefore fails to build an economic base either for a town like Atikokan in particular terms or for the north in general terms. Because the government isolates its ministerial responsibilities, it is a terribly expensive way, economically and socially, to develop our resources. After 37 years, the people of the north are tired of the way this particular government has done it, and I guess they are pretty tired of the way that all governments, of any political stripe, have done it over the last 100-odd years.

8 p.m.



That gets me to another topic I will talk about in the Legislature whenever we get around to debating the report on nuclear waste management. After extracting the resources from the north, now the administrators of the province say: "One of the things you can do is take our nuclear waste. We do not have very much else to offer you in terms of job creation." You take out our trees and our ore, and now you want us to accept your waste. At that point, I become just a tiny bit of a northern Ontario separatist. At that point, I say enough is enough.

Anyway, I want to talk about the greatest missed opportunity this government has experienced; that is, in using this ministry and the resources it administers for developing northern Ontario. It may not be their mandate, but I do not know where the hell else we talk about it. The Minister of Northern Affairs (Mr. Bernier) wants to co-ordinate fire engine service to unorganized communities, which is fine and good and we appreciate that, and the Premier is too pre-occupied with other priorities in his estimates; so these are the estimates that we talk about.

In specific terms, in northwestern Ontario the logging industry alone provides 4,000 jobs, and pulp and paper accounts for 60 per cent of the employment in the entire region. In the northeast the logging sector provides about 3,400 jobs, and the forest industry accounts for about 32 per cent of the region's manufacturing employment.

Even though the north contains 75 per cent of Ontario's productive forest and in excess of 90 per cent of annual ore tonnage is extracted north of the French River, much of the wealth and job creation potential of the northern resources are lost to southern Ontario and other metropolitan areas.

A striking example of this is to be found in the regional distribution of the forest-based manufacturing activity. Ironically the minister is still using this figure in his own speeches. While the north produces virtually all of the province's timber and pulp, fully 60 per cent of the jobs involved in processing these raw materials are located in southern Ontario. That is a figure which I do not think has changed since the Kennedy report of 1948, and that is quite shocking.

The resource corporations, whether forestry or mining, because they happen to have built various kinds of portfolios that are basically owned by a holding company, can thrive in the boom and bust kind of

economic environment where there is no economic infrastructure built up. But the undiversified communities and the residents of those communities do not fare so well.

In the towns like Atikokan, Capreol, Mattawa iron ore mines were closed down. A major factor in the decision to close down those mines was the acquisition of interests in American iron ore mines by the Canadian steel companies, which formerly had obtained most of their iron ore in Ontario. In Atikokan—

**Mr. Martel:** The quality is no good.

**Mr. Foulds:** Never mind; don't get me on to the sidetrack that I explored last year.

In Atikokan, people have worked for 30 years at the same mine and they are suddenly out of work. Many of the workers were highly skilled, but they had to move hundreds of miles to get new jobs. All of us know that, because of the physically demanding nature of mining, miners over 40 have a very difficult time in getting new mining jobs or switching to other work.

The economic decline in Atikokan also means that workers who were forced to leave were, for example, unable to get back the savings they had invested in their homes. I guess that mine started being developed in the 1940s; so for at least 30 years, no alternative industries were developed during the years of prosperity, and Ontario has never, in legislative terms, taken unto itself the means of enforcing obligations to those communities and workers on multinationals.

It is those communities and those workers that made those multinationals prosperous. You can have all the investment you like, you can have all the managerial expertise you like, you can have all the raw iron ore or gold ore or any other kind of ore in the ground you like, and it all means nothing. That ore does not have a cent of value to it, except it has that essential component that gives it value, and that essential component is labour. Until you have the men who put the labour in to dig that ore out of the ground and it gets processed and manufactured, it is not worth a penny. It is that essential quality that we are ignoring and it is that essential quality that we throw on the scrap heap whenever a Caland or Steep Rock or anybody else decides to pull up.

**Mr. T. P. Reid:** Steep Rock is a Canadian company.

**Mr. Foulds:** It was a Canadian company and I suppose it makes my Socialist point better than it makes my international point.

There is a price that we in northern Ontario pay more than most for this under development. If we had any sense of planning, if we had any sense of the potential of these resources and how they should be used, our economy in northern Ontario should be built in such a way that it could provide two things: one, secure employment; and two, a stable tax base in order to support the social and physical services to the community. Most communities do not have to be dependent upon the largess, as occasionally happens in this day and age, of the companies that build the company towns.

The problem is that the economy of northern Ontario has been allowed to develop in such a manner that it simply cannot, by the very way it has been developed, provide the secure foundation on which sound and stable communities can be based and built. Resource corporations are able to insulate themselves from the booms and busts of a business cycle because they have diversified interests. Its shareholders will still get their dividends even though a mill upon which a whole town depends has been idled or closed down for lack of demand.

But the reverse side of that coin is that the dependency of the north on resource extraction also means that the north is dependent upon outside metropolitan areas for a wide range of goods and services. For that reason, largely because of the distances of northern Ontario communities from metropolitan centres, in the one-industry towns from Thunder Bay, for example, and those towns away from metropolitan centres like Toronto or Winnipeg, consumer prices are higher, and all of those things are a result of lack of vision by this government.

8:10 p.m.

The interesting thing about our forests is that they do not need to be nationalized. That is why it is not one of our policies. Forests have never been privatized. All of the forestry lands, crown lands from which licences are assigned, are just that—crown lands. They belong to the crown. The crown grants a licence which is temporary in nature—it is like a lease—for someone to have the privilege of cutting that timber.

One of the areas I would like to touch upon and get into more detail when we get to the actual vote is the astounding statistic we have with regard to mining in Ontario. There is a federal study done by the Ministry of Energy, Mines and Resources called Canadian Mineral Deposits Not Being Mined in 1980, which is simply an inventory of the

minerals across the country. I will read a brief excerpt from the introduction to show how limited it is:

"This report is an inventory of known Canadian mineral deposits which are neither mined at present nor at any time a compilation committed for production before 1981. It includes deposits of metals other than iron with incomplete coverage of industrial minerals. Excluded are deposits of hydrocarbons and many industrial minerals, such as limestone, potash and building and construction materials."

Given that limitation, it is startling that there are 376 known deposits of minerals in Ontario that are not being mined or slated for production in 1981. That seems to me to be serious, because what has happened traditionally in the mining sector is that we have looked at the huge ore body that needs developing. We have not yet found ways, as has been suggested in the brief put together by the Northwestern Ontario Prospectors Association for the Royal Commission on the Northern Environment, of developing economically and reasonably the small deposit that may take only a year or two to mine out with a half a dozen to 15 workers.

I think we have to look at that in a reasonable and realistic way, taking into account the environmental problems associated with that. Most of those would be open pit mining operations and most of them could provide jobs. It would be genuine small-scale mining. To do it, you would probably have to develop a marketing agency for the minerals produced. That is the kind of thing this ministry simply does not see as its responsibility; it just does not see that as one of the ways in which it should move. Frankly, for the life of me, I do not know why.

When we talk about the mining sector, I think we have to forget—not forget; that is asking too much, both of you and of me—to some extent we have to lay aside some of our ideological prejudices. The ideological prejudice of the Conservative government has been a blind commitment to free enterprise. Time and time again that free enterprise has hindered the development of small mining potential and it has inhibited, if you like, the part-time prospector and a group of his friends getting together with \$20,000, \$30,000, \$50,000 or \$150,000 and developing one of these small deposits.

To be perfectly frank, I think I have to lay aside some of my ideological prejudices and consider that such development could very well best take place by a group of small



businessmen who are not interested in becoming an Inco. If that is going to work for them, as I said, you have to look upon some crown agencies assisting with marketing techniques and procedures; for example, assisting with a pool of mining equipment available so that it is portable and can move from place to place and these entrepreneurs can rent from this agency. Steps need to be taken so that the costs are met by the operation. Then when the mine or the open pit—small though it may be—is finished, it is covered in and landscaped or whatever, the way that is projected ideally under the Pits and Quarries Act; I said ideally.

**Mr. Wildman:** Except it will not apply to northern Ontario.

**Mr. Foulds:** In this case it should.

I would like to move into some of the areas of manufacturing, if you like, that could be dependent upon the resource industry if we use our senses. I have lost that part in my material here, so we will move on. I am sure I will find it in this array when we are finally finished.

I would like to move for a few moments directly to the forest area and talk specifically about concerns I have about reforestation. I have two major concerns about forestry. One is that since the province has had the sole responsibility of reforestation of crown lands since 1962, by and large it has failed to regenerate much more than one third of the area cut since 1968.

The figures that we have, for example, show in 1975-76, 486,205 acres cut; the area that received regeneration and attention, 172,448 acres; percentage of cutover regenerated, 35.5. For 1976-77, 387,266 acres cut; area that received regeneration, 177,372 acres; for 45.8 per cent—which was our best effort. In 1977-78, 464,518 cut, 217,584 regenerated, for 42.5 per cent. In 1978-79, 481,839 cut, 193,154 regenerated for 40.1 per cent.

120 p.m.

That is just not good enough in terms of the history of what went on before that. One of the things we forget is that before 1962 things were even worse when the private companies had the responsibility.

I have said it before and I will say it again: What has happened is the ministry and the minister are putting all the regeneration eggs, if I can use that term, into one reforestation basket. The forest management agreements, good though they are, simply are not going to solve that problem. All the

forest management agreements will do is deal with the current situation. They will deal with the current cutting areas and cutting practices, but they will not deal with the backlog of regeneration that is needed and they will not deal with areas that simply are not touched.

For example, the five agreements that are signed with the four companies cover only 32 per cent of the licensed areas of those companies. So we have 68 per cent of the licensed areas of those companies not covered by the agreements yet. Presumably some of that land has already been cut over and, therefore, there will never be FMAs for it. Presumably in the future before they are allowed to cut, you will arrange forest management agreements with them, I would hope. But just too many areas are not covered. The forest management agreements at the present time cover only 16 per cent of the total licensed area of Ontario.

There is not going to be any catch-up. There just isn't going to be the regeneration and reforestation program we need. I want to get into that a little bit more when I talk about the strategic land use plan for northwestern Ontario.

My colleague from Sudbury East (Mr. Martel), who was here briefly and will be here again during the course of these estimates you can be assured, has time and time again talked about the importance of developing a mining machinery industry based on our mining industry. That seems to me to make eminent good sense. In 1978 we imported 73 per cent of our mining machinery requirements. The Canadian trade deficit in mining machinery in 1979 was \$1.88 billion. I find that frustrating, because my major concern here is our economy, our jobs and the dignity that comes with a job. That represents an employment potential of well over 10,000 direct jobs. Ontario alone imported \$274,834,252 worth of mining machinery during 1979 and our trade deficit totalled \$174,232,630.

If we took an import replacement program aimed at manufacturing just 50 per cent of the mining machinery we now import into Ontario, we could create 2,290 direct jobs and over \$43 million in direct wages annually. An eventual full import replacement program would mean something like 4,500 direct jobs. Assuming a ratio of two to one in creating a spinoff effect, that would mean somewhere around 9,160 associated jobs, for a total of around 13,740 jobs.

As a province, we can no longer ignore that kind of potential. The same is true in



the wood industry. If we embarked upon a furniture import replacement program, the creation of jobs in northern and southern Ontario would be every bit as good, if not better.

Reverting now for a few minutes directly to forestry and the strategic land use plan in northwestern Ontario, one of the worrying things that has come to light through the Lakehead study that was done for the Royal Commission on the Northern Environment and is reinforced by the studies the ministry itself has done and by indirect admissions in the minister's own statements, is that we are now getting to the stage where our supply of wood fibre is beginning to be not adequate to meet our existing capacity. That means that in the next six to eight years we face a crunch situation.

We can modernize the mills all we like and we can make them every bit as competitive as mills in the southern United States, South America or where have you, in terms of efficiency, but if you do not have the wood fibre so that they operate at full capacity you are whistling in the dark.

The minister himself, in a speech on September 29, indicated with regard to the reforestation record of this government, "We cannot consider that we are more than halfway to achieving our objective." I just do not see a detailed plan from this ministry and this government about how they expect to meet that objective.

When we deal with the strategic land use plan for northwestern Ontario, which is not a bad plan, in the first draft we get this statement—considering its source and considering the caution with which even bureaucrats in the Ministry of Natural Resources word themselves in a document that is released to the public, I just want to read two paragraphs under discussion in forestry, "The sustained production of 5.2 million cunits of wood will require"—that is one of the objectives by the way; maybe I should read that part.

"It is the policy of the ministry to ensure that a continuous supply of wood is available to meet the requirements of the wood industry as projected through 1982." It seems to me to be a little short on the time horizon there. "This will amount to an annual supply of 5.2 cunits of wood from crown productive forest land to produce the maximum value added to the provincial economy from the industrial use of this resource by the forest industry itself through sound forest management practices consistent with the needs and objectives of other forest users."

I think I understand what that means when I read it through. I sure know what the next one means. "To aid in the achievement of a job creation target of 5,000 jobs as stated in the Strategy for Development: Northwestern Ontario and to explore and implement means of increasing the productivity from all lands presently committed to forest production, with emphasis on young forest stands in currently accessed areas and the use by the forest based industries of trees and tree species now underutilized."

8:30 p.m.

That is the policy. Then there is some discussion. That is the thing that is interesting—discussion. There are two full paragraphs of it; then we move on to mining.

"The sustained production of 5.2 million cunits of wood will require some 14.4 million hectares of usable forest land. The total land area of the planning region is 34.4 million hectares, of which 16.9 million hectares is productive forest land. It appears"—interesting word that, appears—"that there is enough productive forest land to meet the figure stated in the policy. The present cut in the planning region averages about 3.8 million cunits annually. The volume is expected to increase during the next 20 years and to reach the level of 5.2 million cunits."

That is not particularly news. I remember my friend and colleague, the present Speaker (Mr. Stokes), throwing around figures like that when he was spokesman for this party on Natural Resources. The interesting quote is the next paragraph:

"To sustain this production, it is essential to regenerate promptly all harvested forest land. Current approved forest production policy regarding regeneration indicates a target of 3.1 million cunits. This is obviously inadequate since the target is already below the level presently cut." That is scary.

"Revisions are therefore necessary if a sustained yield of forest products is to be achieved. The regeneration program must increase its targets as the timber harvest increases."

I would submit that is pretty devastating. It is not merely that revisions are necessary if the sustained yield of forest products is to be achieved; it is not only that the regeneration program must increase its targets but it has got to achieve them. It has got to achieve them for the wellbeing of the pulp and paper industry, logging industry and the jobs in those industries. It has got to achieve them for the wellbeing of this province. That

is a heavy responsibility that simply is not being met at the present time.

I want to talk a bit about the impact of forest fires on the wood supply. I found that discussion after this summer's fire really fascinating. We saw speeches by the minister. The most interesting one I ran into was a speech by Mr. W. J. Johnston, who is the vice-president of Abitibi-Price, at the Canadian Forest Congress on September 18—I guess he was talking about Thunder Bay 46—in which he outlined in the way that only a man in his position can outline the difficulties that the loss of fibre has put on his company. Some 9,000 square miles were destroyed in Ontario between 1974 and 1980.

His estimate of his own company's losses were 2.5 million cunits of standing timber. His claim was that those cunits would have kept the four mills in Thunder Bay operating for six years and supplied 7,220 man-years of employment. They had a sales value of over \$1 billion.

As I recall the speech, he made a rhetorical point, which was a good one if his figures are accurate. He said, "Imagine the resources and the outcry there would be in a major city if there was a destruction of \$1 billion worth of property." Can you imagine? The media down here had a field day with the first spate of fires anyway. They did not cover the Thunder Bay 46 to that extent because by that time it was old hat. Can you imagine the kind of television we would be getting on the national news—we got enough as it was—if \$1 billion worth of property in Metro Toronto were wiped out?

What I found interesting was in the tight supply problem that we are talking about. There was some hint that the annual allowable cuts would be reduced in the future. The industry is beginning to put on a lot of pressure, and is doing a lot of—scare-mongering is too strong a word—lobbying right now against so-called withdrawals from production, areas that are taken out of production. Those are the areas of the forest that are used for other aspects, such as parks, wilderness parks and wildlife preserves.

I think we have to be very careful that we do not get stampeded into saying, "We can no longer have those withdrawals from productive forest use," because the forest is not only for trees and for forestry use. Forest has many other uses, such as recreation, fish and wildlife. I think we forget that at our peril, because if we cannot reserve large areas of our forests for recrea-

tional opportunities. I think we have come to a sad day in Ontario.

Mr. Wildman: What about the waste? It's going to have to go somewhere.

Mr. Foulds: It depends what you call waste. I happen to agree with using some of the forest for habitat for beaver. They are not always a nuisance. I happen to think that moose are not a nuisance. Deer, or even rabbits, foxes or wolves, are not a nuisance. It may be part of the eastern mystic in me, but I think they have their right to existence, and I do not think we have the right to wipe them out. I do not think we have the right to wipe out the lifestyle of many of our northern residents, the native people, in this constant quest for new timber limits, because if we actually did our job and used those timber limits that were best suited for timber and regenerated them, we would not need to engage in this artificial confrontation that we are beginning to see build up between the forest industry and those who want to reserve large areas of our province for other forest uses.

Mr. Wildman: It would keep the limits close to the mills too.

Mr. Foulds: That just makes economic sense. To keep the limits as close to the mills as possible just makes economic sense, and I suspect in the long run the extra costs in reforestation would be compensated for by the savings that you have in transportation in the lines of supply. One of the things the Americans learned during the Vietnam war is that you can't conduct an operation too far from your base. I think that's one thing the forest industry is beginning to learn and we are beginning to learn. But that means that we are going to need an entire rationalization of our timber limits.

8:40 p.m.

Hon. Mr. Auld: Napoleon learned that.

Mr. Foulds: Your memory is longer than mine—but a very good point.

Hon. Mr. Auld: I wasn't there, but—

Mr. Foulds: I would like to move now for a few moments to making some positive suggestions about the forest program itself. One of the difficulties is that it is not easy but it is always easier to identify the problems than it is to offer immediate solutions.

I very seldom engage in the practice of reading my old speeches, because usually I can't stand them, but there were one or two ideas I have uttered over the last two or three years with regard to reforestation that

I thought might be worth just repeating. It gets back to the point I want to make about the weakness of the forest management agreements. They themselves, as one component of reforestation, have found they don't deal with the overall program. That's why I would like to reiterate for the benefit of the minister, who may not have seen it, the letter the Star was gracious enough to publish today. I am certainly glad to see that a southern Ontario paper is finally taking seriously the problem of reforestation.

I think eight basic steps need be taken as part of a whole program if you are really going to meet the problem of reforestation. First, a province has to make a commitment in legislation to sustained yield, as British Columbia has done. I introduced a private member's bill last spring that attempted to do that. I think there is a grave distrust of ministry guidelines, policies and objectives. This is not because the people who put them forward aren't sincere—they are—but because the targets can be missed and there is no real accountability for them. If there's a legislative commitment to sustained yield, there are all kinds of accountability mechanisms that ensure that happens. It ensures that we don't get into the backlog we have had for the last 100 years and particularly the last 20 years. If you don't have that commitment as a matter of law, far too often it is easy to weasel out of it.

The leadoff speaker for the Liberal Party, the member for Brant-Oxford-Norfolk (Mr. Nixon), indicated he didn't think that management board scrutinized the estimates spending of this ministry very hard; it just approved everything that happened. I know that is just not so. This ministry needs a lot more funding and has for decades needed more funding, specifically in the reforestation area. Either it has not had the power to lever that out of the government or it has not had the commitment to lever it out of the government. If that was a statutory commitment under a piece of legislation, you would have both the leverage and the commitment on a policy basis to ensure that it happened.

Secondly, I still believe the government must put a far greater emphasis on the unit forester. When I look at these estimates and when we get to the personnel section, I would like to know how many more unit foresters there are on the ministry staff and how many have been taken on by the private companies to manage and to supervise the forest management agreements they signed.

**"We can spend all the money we like and if**

the spending is not properly supervised in an administrative way and if the crown management units a unit forester is responsible for are not small enough in size so he can actually manage them—supervise the cutting, the tending and the replanting of the forest—then you might as well forget it. That is how we got into the bind we are in. That is how we let the companies get away with leaving slash and unused species and everything in their cutover areas, whether clear cut or strip cut—it does not matter. If the unit forester cannot supervise the plan, you are just putting an unfair burden on him and you are not going to get results.

I do not have it with me, but I got a copy of the minister's letter—I think it was in reply to some concerns expressed by Hector King in the Armstrong area. In the minister's letter he states quite categorically that the ministry does not require companies to clean up slash in cutover areas. I have a feeling we had better start making that a requirement.

**Mr. G. I. Miller:** After tonight they will need it for fuel.

**Mr. Foulds:** Just stick around in these estimates and get into a discussion of that. But the point is if the unit forester does not have an area he can manage, you are giving him an unreasonable job to do and you are not going to get the job done. I do not see a great recruitment program going on there.

Thirdly, it is necessary to ensure a proper development of nursery stock and the collection of quality seed. I think there is some recognition of that in principle. In fact, there is even some recognition of that in practice. The problem I see is if we are going to do the necessary catch-up of areas in the next eight to 10 years, there is going to be real pressure on producing quality nursery stock and quality seed that does give better regeneration results than we have had from the regeneration programs we have engaged in and that we talked about in previous estimates. If that means importing some stock, then we are going to have to import it. We may have to have a little bit of humility.

8:50 p.m.

I was certainly glad to see the section in the minister's speech about asexual tree production and just trying that idea of using cuttings. I don't know how successful that is going to be. It seems to me to be the kind of thing that is necessary, but the time limit we had on that is very serious. I have always



preferred reproduction in other ways, but we are dealing with plant life here.

**Mr. W. Newman:** Are you bragging or complaining?

**Mr. Foulds:** Just making an observation. In Ontario we need to bring planting methods into the twentieth century. There is some research and development of the mechanization and semi-mechanization of planting. We should be doing more of it. It is interesting that we have had the push on the development for mechanization of cutting in the woods industry. I attended at least part of the seminar last summer on forest machinery, and some of that stuff was interesting and fascinating. We haven't put anywhere near the emphasis on research into the mechanization and semi-mechanization of tree planting that we should.

It is interesting too that we make no bones and have no qualms about paying fairly good union rates to people who cut the trees, but we pay the minimum wage to people who plant the trees. I have the feeling that planting, as any farmer will tell you, is every bit as important as harvesting or cutting.

For the immediate future, because of the necessity, we should concentrate on reforestation on the most productive sites, but we must not use that simply as our end. That means we must move as well to less desirable sites that have already been cut over and still need reforestation.

I would like to get into it in more detail. I was encouraged by some mention in the minister's statement that because they are often the closest sources of wood to the mills themselves private woodlots should be encouraged. That is true even in the north, say around Thunder Bay. It is unfortunate that agreements have been reached that the private and independent cutters there can now only sell to one company. Sometimes they don't get as good a price as perhaps they should, because of those agreements. Those private woodlots need developing, and the people who look after them can often do a better job of replanting than has been done traditionally by the ministry and will be done, I am sure, by the forest management agreements.

An idea I would like to talk about with the minister in greater detail, but I would like some response to it, is that it seems to me a permanent system of forest access roads should be developed. I am increasingly concerned about that this year, not only because I think a permanent system of forest access roads would assist in reforestation and

the tending of the trees and, if you like, getting them to a plantation kind of state, albeit slow growing plantation but also because I suspect it would enormously assist our ability to help fight forest fires.

Obviously that permanent system of access roads can't be achieved overnight. Obviously there are some difficulties about it in terms of wildlife management. I understand those, but I have not yet heard a good argument against the idea. I don't see why that, as a matter of policy, should not be adopted this year and implemented over the next 10.

Finally, I haven't heard any action from the ministry about a suggestion I first made two years ago, for a provincial forest authority. Once again this is where ministry and government have to lessen their ideological prejudices and I have to lessen some of mine. As I indicated, crown lands do not need to be nationalized. They are already the property of the people of Ontario, the property of the crown. We lease the right to cut timber from them. We call it a licensing system.

Perhaps as an experiment we should form an agency of government to have as its responsibility, on some of the crown lands, the harvesting and regenerating of timber limits where those timber limits have not been assigned or in those areas where the companies have failed their responsibilities and you have to recover some of the licensed areas, or simply on crown lands that are not park reserves where there are overmature stands not being harvested at present. Such an authority could operate at a profit; sell the timber to a willing market, because there is such a demand for fibre; and make better use of all the species.

That kind of eight-point program would begin to put this province back on a reforestation track. But we have to do something like that quickly, within the next two years, or we are no longer going to be a province that supports and creates jobs in the forest area.

I would like to wind up with two or three quick comments about wildlife and specifically the moose program. I hate to say this but I have a sneaking feeling, even though the regulations were late in being announced and the protests over moose regulations were loud and they were awkwardly implemented, as a temporary step in this transition, you might finally be doing something in the area of moose management.

I was very encouraged by an interim report I saw this morning indicating the moose harvest has decreased. That is not

the sole answer, and I don't think anybody pretends it is.

Interruption.

Mr. Nixon: This must be a better speech than we thought.

Mr. Foulds: Obviously they are people with discrimination and taste. I was about to wind up but, with the increased audience, I am inspired to go on, like the member for Brant-Oxford-Norfolk. What are these people doing here when they can be watching other events?

Mr. W. Newman: They didn't come to listen to you; they just came to wait for someone else to be given an opportunity.

Mr. Foulds: But you will never take it if I give it to you, Bill.

Mr. W. Newman: In the fullness of time.

Mr. Foulds: There are some good steps being taken in the case of moose management. I think the ministry is going to come under enormous pressure in its wildlife programs. It is bound to, because a lot of people are anxious to hunt.

9 p.m.

If I may borrow an old cliché from John Crosbie on budget night, it is necessary in the area of wildlife and fish management perhaps for all of us, hunters, tourist operators and fishermen, to suffer some short-term pain for some long-term gain. I know it is not going to be easy for the people here or for this ministry or for the opposition spokesmen or critics. It is absolutely essential, if we are going to continue to enjoy the recreational opportunities for hunting, for the ministry to hold tough on some of the steps that have been taken by the share-a-moose program.

Although we in the opposition occasionally will be critical when you make bad and gross errors, we are generally supportive of the concept, and we make no bones about that. I, for one, am willing to take the political flak that entails, because it is absolutely essential to the wellbeing of those interests in the future.

I want to wind up by repeating that I wish I could get a sense of a wholeness, of cohesiveness, from this ministry. I wish I could get a sense that, as well as the tremendous commitment there is to the individual programs, whether they are forest fire-fighting, wildlife management, moose management or so on, this ministry knew where it was going in terms of using those resources for development.

I wish I had the sense that the ministry would be as willing to regulate and develop those sectors, such as forestry and mining, in which it has to step on the toes of very powerful and important corporations and people. I wish the ministry would do that with the same kind of, and perhaps with more, directness and courage than it currently does. In the strategic land use planning program, and we will get to that, it seems to me when the ministry starts talking about wild rice and wildlife management, it is far more aggressive because it is simply dealing with individuals and not with very powerful interest groups. The targets of exploitation in percentage terms are set higher than are the regeneration or the reforestation or the renewal targets.

That is all I have to say for the present time. I look forward to the next 18 hours of debate with this ministry on the item-by-item votes. I hope for once as a committee we can come to an agreement and actually get to the last vote with reasonable discussion on each of the items as we go along.

Mr. Chairman: The minister can reply to both critics.

Hon. Mr. Auld: Mr. Chairman, I am under the impression we are sitting until 9:30. May I just mention two things? First of all, because of the decentralization of the ministry and because of a number of agencies which have their headquarters away from the city, last year we had agreement on hearing the vote and item relating, for example, to the St. Lawrence Parks Commission at a specific time and date and similarly with certain other agencies. It would be very helpful to the ministry in its continuing operations if we could have that same understanding. I could give to the committee in the next day or so some suggested dates for those cases where we have to bring people from a distance.

Secondly, we might go, as Mr. Foulds implied, to deal with things vote by vote and item by item. If there were something where somebody had a particular comment to make and was unable to be here for any one of a variety of reasons, we could stand that item down and go along to the next one and keep things in order and have a date to deal with that again. If we have to bring someone from the Sault, the Lakehead, London, Ottawa or whatever, we could do it that way.

Mr. Nixon: Are you suggesting that you are not going to make a response at this time to the items raised?

**Hon. Mr. Auld:** Oh, no. I am going to start.

**Mr. Nixon:** All right; fine. I would not want to go over all that great stuff on the item-by-item discussion, although I will if you insist.

**Hon. Mr. Auld:** Actually, in the interests of keeping everybody awake, I do not propose to deal in my response with everything that the two critics have dealt with.

**Mr. Foulds:** That has never been one of our interests before.

**Hon. Mr. Auld:** Well, as we get older, you know.

**Mr. Nixon:** He gets kinder.

**Mr. Wildman:** Don't worry, Jim; if you reply to everything, you won't keep us awake.

**Hon. Mr. Auld:** That is my point, and I wouldn't want you to miss anything.

Last week, the member for Brant-Oxford-Forfolk spoke on a number of things. I will deal with one or two of them. One really covers two in the same point, the management improvement program and controller-ship, which he spoke about last week.

At the outset, I would like to emphasize that the operational review carried out by the Management Board of Cabinet in 1977 and the report in 1978 actually raised a number of issues regarding the ministry's management system. But the majority of those issues had been highlighted in our own organizational review, which was undertaken in 1977. I remember that, because I was on management board in 1977 when that review was put forward and in effect was handed over to management board.

That organizational review committee, chaired by Bill Foster, who is our assistant deputy minister for southern Ontario, and comprising senior management staff of the ministry, submitted a report which was the basis for the development of the management improvement program to which you referred on Thursday, Bob. The management improvement program was announced by Dr. Bynolds on November 24, 1977. That review simply re-emphasized points that were already under active consideration by the ministry.

If I might, I want to take a few minutes to review how the ministry reviews the controllership role and to outline what I feel the positive and in many ways innovative steps to be taken in this area.

When we talk of controllership we are really focusing on the accountability system in our organization. We must have systems

in place which allow us to plan what we should be doing, to set realistic targets for achievement in a given period, to measure our performance against these targets, and to make the required corrections to ensure that we meet our targets and accomplish our plans in the most effective and efficient manner possible.

As part of that management improvement program, we isolated what we felt were the key components of this accountability system, and there are three of them: policy planning, the annual work planning and then the performance review.

In the policy planning area we established a policy and priorities committee, which is chaired by the deputy minister and comprises senior management staff who act in a sense as a sort of board of directors, ensuring that effective corporate policies and priorities are developed and communicated throughout the ministry. This is particularly important when, as we are all aware, and as you mentioned, Bob, we are highly decentralized; in fact, I think we are the most decentralized ministry in the government.

9:10 p.m.

With the assistance of our main office programs group, the policy and priorities committee sets the longer-term direction for the ministry. These longer-term policies and priorities must of course be translated into a shorter-term action plan. We accomplish this objective through our annual work planning system, which is a 15-month budgeting process; keep in mind that 15-month period.

Within priority guidelines established by the committee, individual work plans are established on a project-by-project basis, beginning at the district level. Each program supervisor is required to outline the work he or she intends to do, the resources that will be required for that job and, most important, the results expected. This process closely approximates a zero-base budgeting system, which allows for decisions regarding priorities to be made at each successive level of the organization. The work plan is prepared on a standard format which, when approved, forms the basis for performance measurements throughout the year. We formally measure performance on an exception basis twice during the year.

**Mr. Nixon:** What is an exception basis?

**Hon. Mr. Auld:** It is twice during the year, at six months and nine months. Approximate adjustments to resources and targets are made to ensure we keep on track. As well, we undertake a major year-



end review of achievements against the plan to assist us in the development of future plans and priorities.

Our progress towards the achievement of longer-term corporate objectives is also measured on a regular basis through a system of operational audits, as well as periodic program evaluation or analysis. Our system of operational audits, which reviews program effectiveness and efficiency, is in many ways, we believe, a pioneering step in the government.

The development of an accountability system is of course an evolutionary process requiring review, adjustment and improvement. To this end, the ministry—through a reorganization of our administrative division, which we will be dealing with in the first vote very shortly—has established a finance planning and evaluation group which provides an organizational purpose for our controllership or accountability system. This group will ensure that our accountability system will remain relevant and, most important, that individuals within our organization are kept fully aware of their responsibility to plan and control those operations and are provided with the appropriate tools for the job.

I believe we have some copies of the small brochure we prepared for the staff outlining this management system. For those who wish copies, I will be delighted to supply them.

Mr. Nixon: How bulky is it?

Hon. Mr. Auld: It is quite small.

Mr. Nixon: There is no sense giving me something that is a foot thick.

Hon. Mr. Auld: No. Even I can understand it; so you are all right.

Mr. Nixon: What do you mean you evaluate by exception? I stopped there. I have no idea what you mean.

Hon. Mr. Auld: We do not evaluate every single item every time. We evaluate those things which appear on the surface to need evaluating more than others. Is that a good way of putting it? I am told that is a good way of putting it.

Mr. Nixon: Who is here to say it isn't?

Hon. Mr. Auld: You will be delighted to know I am now going on to the points you raised about main office staff reduction and moving head office. We have reduced the main office by 168 positions since November 1977. In accordance—and this ties in with what I was just saying—with the ministry's thrust towards defining the main office role in policy development, a number

of operational or program delivery responsibilities, along with the people who perform them, were decentralized to the field. The one that comes to mind most easily is the petroleum resources group, which traditionally had been in main office here and was moved to the southwestern region in London so that it is closest to where the gas and oil operations are currently.

In compliance with the government's policy of constraint, it is essential that we reorder our priorities and adjust our staffing as required. Program delivery is seen as the major priority—the need to ensure a strong field delivery capability. We have achieved our main office staff reduction through several means: vacancies and attrition, the introduction of new improved systems to get work done, eliminating low-priority functions.

The money identified through this reduction exercise has been devoted to higher priority programs. Many staff displaced through the staff reduction program have been accommodated within the system in higher-priority positions. I think this program reflects a very positive effort on the part of the ministry to meet the new priorities within the constraints that all government ministries have faced.

I have word from the rear that some people cannot hear me. I just want to say that a lot of people probably envy you.

Mr. Riddell: I want to say that I can hear only too well. I will be glad to change places.

Mr. Nixon: It is not the hearing.

Hon. Mr. Auld: Do you want me to speak more softly? I will try to speak louder. There are only 11 more minutes; I can assure you it will not be more than that, because I have had my legs crossed for 20 minutes.

Mr. Nixon: I think they can fix that now.

Hon. Mr. Auld: I was going to take up Gordon's offer; he said he would do it for me, but I'm not sure I can trust him.

Mr. Nixon mentioned the wisdom of the government's early retirement system. I suggest he take that up with the chairman of management board, who is the one responsible for the Civil Service Commission.

Mr. Nixon: Didn't you used to be chairman?

Hon. Mr. Auld: Indeed I did.

Mr. Nixon: That is when the policy was initiated.

Hon. Mr. Auld: No. It was by the chairman before me, who is now a very successful bus operator in Hanover.

**Mr. Foulds:** Surely a bus line operator.

**Hon. Mr. Auld:** Yes, I see the subtle difference—a successful bus line operator.

Regarding your comments about moving the main office from Toronto, even to Brockville—

**Mr. Nixon:** You've got space in your back porch for most of it.

**Hon. Mr. Auld:** I think the main office will have to be reduced a little more, since we got the new dog.

Seriously, I think you do not fully appreciate the way the ministry is now organized and the particular role of the main office of the ministry. I guess we have always been a decentralized organization, but we are certainly a far more highly decentralized one than we were 10 or 15 years ago.

9:20 p.m.

The field organization is the program delivery arm in the current management jargon of the ministry. Obviously, Donald can't hear me, but that has been going on forever—

**Mr. Nixon:** He is interpreting.

**Hon. Mr. Auld:** It is just that my audience here is smaller than yours.

**Mr. Foulds:** And rightly so.

**Mr. MacDonald:** I just wanted to inform you, Mr. Minister, that these are students who are trying to figure out how Parliament works.

**Mr. Foulds:** Good luck to them!

**Mr. Nixon:** You certainly brought them down on a great night, Donald.

**Mr. Foulds:** This is called a field trip, and the people in the Ministry of Natural Resources should know what that is all about. Carry on, Mr. Minister.

**Hon. Mr. Auld:** Thank you, class.

Our field organization, as I say, is the program delivery arm of the ministry and, as I noted in my brief opening remarks concerning the management improvement plan, we are continuing to delegate responsibility and authority, as well as accountability, of course, as far down the organization as possible.

In terms of staffing, 79 per cent of our regular staff are located in or working from our field offices at the program delivery end of our operation. Therefore, the staff who should be in the field are indeed in the field, close to the people they serve, at eight regional offices and 48 district offices as well as various other work centres. The main office staff, the people who are still here—

and, as I mentioned, they will be fewer next year but they will still be the core—will be something less than 200.

**Mr. Nixon:** What was the number again?

**Hon. Mr. Auld:** We have moved out 168 at the moment, and we will be moving out another 22 in the calendar year.

**Mr. G. I. Miller:** Is it Toronto you are speaking of? How many does that leave?

**Hon. Mr. Auld:** I haven't that figure right in front of me, but I can dig it out for you for tomorrow.

This main office staff is responsible for policy and program development, province-wide planning, provincial training and the provision of special and support services. These staff responsibilities require much interaction with other ministries and agencies located in the Metropolitan Toronto area. Also, of course, senior ministry policy advisers must be reasonably accessible to the policy-making centre, the Legislature and its various committees and the government policy structure.

For these and other reasons, the ministry and the government have concluded that the main office should remain easily accessible to the Queen's Park area.

**Mr. Nixon:** A change of government will shake it loose.

**Hon. Mr. Auld:** I think the matter of the fire salvage, to which you made reference, is best dealt with when we get to the second vote. I made sure there was support being given to salvage in a number of ways.

Finally, if I have time, you mentioned, Bob, the question of how many native people were being used in the fire suppression duties that were undertaken this past summer. I can best quote from a part of a letter I wrote to Bud Wildman this September when he asked a similar question, and this should not take very long:

"The procedure for hiring extra firefighters in the province during fire emergencies like we have experienced this summer is such that persons are hired for short periods of time to support specific activities during extreme situations. Over the course of the summer, many people have been hired several times in this manner. On each occasion, separate hiring forms are used and there is no mechanism for categorizing the race or background of those persons being hired."

In any case, these figures can't be perfectly accurate, because they are really guesswork on the part of those who are hiring people.

"Take these factors into consideration, approximations for the number of extra firefighters and native persons involved have been made.

"In the northwest, which includes the northwestern and north-central regions of the ministry, approximately 5,700 extra firefighters have been hired so far this season." That was up until about the beginning of September. "Of these, approximately 2,750, or 48 per cent, have been native persons. Within the northwestern region, the total number hired were about 3,800, of which 2,100 approximately, or 55 per cent, were native persons.

"In the north-central region, the total number hired was about 1,900, of which 640, or 34 per cent, were native persons." Again, these are approximate figures. "In northwestern Ontario, exclusive of the city of Thunder Bay, the total population is 109,400, of which 15,160, or an estimated 14 per cent, are native persons."

"As is evident, numerous native persons were hired and employed as extra firefighters. The work done was in most cases more than adequate and thus mutually beneficial. Several reserves have played significant roles in our firefighting program for the past several years, and it is our hope that this will re-

main unchanged in the future." I said "Please be assured that my staff in the north west area of the province are acutely aware of the desperate unemployment problems being experienced on several northern reserves.

Finally, I said: "In the Kenora district, feel every reasonable effort was made during a very difficult and hectic period to involve and employ those native persons who are willing to do the work required. In the future this ministry will continue to follow every avenue within its mandate that may lead to improving the employment situation for the native people."

Mr. Chairman, I want to pursue that a little because of some publicity that was given to some correspondence between the Premier and someone else, but I will leave that, if may, until tomorrow. That has a relationship to a particular situation.

Mr. Nixon: There was an instance with the Whitedog reserve, which was in the path of the fire; according to them, you didn't want to hire them even though the town was about to be burned down.

Hon. Mr. Auld: There is a little more to it than that, and it will take more than a couple of minutes; that was one report.

The committee adjourned at 9:30 p.m.



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No. R-38

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Wednesday, October 29, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, OCTOBER 29, 1980

The committee met at 10:12 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** The meeting will come to order. I believe the minister was in the course of replying to the committee.

**Hon. Mr. Auld:** Mr. Chairman, the first item I was going to deal with was a matter brought up by the member for Brant-Oxford-Norfolk (Mr. Nixon), who is not here yet.

**Mr. Bolan:** He will not be here today.

**Hon. Mr. Auld:** Then I shall pass along. When we closed last night I mentioned the number of native people, as closely as we could ascertain, who had been involved in firefighting in the north. I said I would deal specifically with the question that had received some publicity, which might, if it was the only thing seen by the public, give the impression native people were not taking an active part. I think the best way to do this in a relatively concise fashion is, again, to read from a letter.

This letter, dated August 7, is from the Premier (Mr. Davis) to Mr. H. Bruce Crofts, who has taken an interest in the native people at the two reserves in the area of English River and Wabigoon Lake. They are the Islington band near Minaki at Whitedog and those farther towards Dryden at Grassy Narrows. The letter is addressed to Mr. Crofts, and there is an acknowledgement. It says:

"It is apparent there is some contradiction with respect to efforts made by the Ministry of Natural Resources to employ persons from the Whitedog reserve in fire control activities. On the Saturday in question," this was the Saturday referred to by Mr. Crofts in his letter, "I am told the reserve was called and, as you pointed out, there was no answer. The fire office then tried contacting Roy McDonald, a well-known reserve resident, and again received no answer.

"I am sure you can appreciate the situation at the time did not permit the Kenora fire office to follow up the phone calls with a personal visit to the reserve. I understand there were other sources of staff at the time and these were pursued.

"Later through the week when you called," meaning Mr. Crofts, "it would appear the firefighting needs for manpower were filled. Contrary to what was said on television and radio, there were no requests of the Kenora fire centre for extra firefighters. I am advised that normally, under fire emergencies, hiring in the Kenora district is done through the Canada Manpower office indirectly as people come to the ministry office.

"I am told that on May 29 you indicated that 40 to 50 men could be available for fire duty on short notice. At that time, it seems this was acknowledged and you were advised that the ministry would hire 10 persons immediately for work on one of several major fires burning.

"On May 30, the ministry sent a bus to Whitedog to pick up these men. Upon arrival, only nine were available. I am told these men were subsequently employed until June 6, at which time they requested release so they could go home. According to ministry staff, fire number 22 was by no means under control and the men were not asked or told to leave but departed on their own.

"Mr. Auld informs me that earlier in May several fires occurred amidst buildings on the Whitedog reserve, and when ministry suppression crews arrived on the scene, after travelling from Kenora, several people were reported to have stood by and watched the proceedings. It is reported that no one offered to assist these crews even when requests were made. On more than one occasion, while suppression action was being taken on one fire, I am told that another fire would start in another part of the village.

"Provincial police confirmed that reserve residents did start some of the six man-caused fires on Whitedog reserve in the first week of May. Additionally, equipment and

gasoline were found to be missing from ministry vehicles after suppression activities were completed. I would advise that these fires put a severe strain on the ministry's suppression resources at a time when the Kenora district was experiencing multiple lightning strikes in other areas.

"I am further advised that during a media-tion meeting on January 14, 1980, which you attended," meaning Mr. Crofts, "the local ministry staff offered to set up a training course for firefighters with the intention of preparing a list of trained personnel available for fire duty. The band officials were asked to canvass the community and forward a list of interested persons and suggested dates to the ministry. However, no list or request was sent. This would have circumvented the problem you mentioned of contact telephone numbers being taken down incorrectly during a busy period.

"While I understand and share your feelings and concerns for the tragic situation on the Whitedog reserve, you will also appreciate that the road to improvement is a two-way street. I am confident that the Ministry of Natural Resources staff in Kenora did everything reasonable to recruit Whitedog people during an extremely taxing and, at times, desperate period. I believe the solution to this particular difficulty is to prearrange, as was attempted, lists of trained men who can be readily contacted in an emergency rather than simply advising, along with numerous other groups, that men are available in the heat of the situation.

"On June 27, Mr. Philip Kent was called to request emergency firefighters. He referred the Kenora office to the bank office. As a result, 15 men were hired on June 27. In addition, the province is expanding its forest firefighting staff for the July-August period. On June 4, Whitedog reserve was called and offered positions for the summer on this force. I am told that only one person was available to take such a job." This is the final paragraph:

"Most assuredly, ministry staff in Kenora and across the province will continue in the future to involve the native people in as many aspects of the resources management program as possible. In view of the situation in Kenora, I believe it would be worthwhile for you to contact Mr. Don McGregor with a view to discussing the situation firsthand."

10:20 a.m.

Mr. Chairman, on Thursday evening last, Mr. Nixon raised the matter of the reference to the Supreme Court on certain matters pertaining to the coroner's inquest into the

prescribed burn number three fire tragedy of last year. The honourable member raised a number of points from the written judgement of the court which referred to certain of the allegations made before the court. Attempting to proceed to deal with each of these allegations, I do not wish to take the time of this committee during our estimates review to deal with issues which might more appropriately be dealt with elsewhere.

However, I do want to deal briefly with the allegation that certain ministry staff were reluctant to volunteer to attend the inquest to give evidence because they feared they would place their jobs in jeopardy. I find it difficult to deal with this issue because the counsel who raised the matter has declined to identify the staff involved. I can only say emphatically this ministry has co-operated to the fullest in making available to the coroner and his counsel every ministry employee whom they sought to bring before the inquest. There has been no holding back on the part of this ministry.

I can think of no valid reason why an employee of the ministry with information of value to the inquest would not feel both free and obligated to volunteer his participation. The employee would have nothing to fear. There is a comprehensive grievance and arbitration system in place to protect employees against arbitrary or unfair action by the employer. The oath of secrecy, should that be the concern, is no hindrance in this case. I have no knowledge of any statements or actions by ministry staff which would cause any employee to be reticent to appear before the inquest voluntarily.

As I recall, the only caution I raised was immediately following the tragedy when the district manager at Geraldton indicated to his staff that they should not discuss the matter with the press but he would be responsible for press contacts at the district level. This was a perfectly reasonable position for the district manager to take and had no bearing on the matter of volunteering evidence to the inquest.

In brief then, I want to reject in the strongest possible terms any suggestion that this ministry did or would in any way interfere with the giving of evidence or that such giving of evidence would in any way place the job of a ministry employee in jeopardy.

Before leaving that subject, I also want to correct what I am sure was an inadvertent error by the honourable member when he referred to, "the tragic fire 14 months ago in which seven young people and others who were employed by the ministry lost their

lives in a forest fire." The tragedy claimed the lives of the seven young people but no other lives were lost.

Another question by Mr. Nixon was one in which he mentioned the Office of Indian Resource Policy. The recommendation was that the deputy minister either ensure sufficient resources for the Office of Indian Resource Policy to enable it to fulfil its mandate or amend its mandate to match its present resources.

In 1976 the ministry established the Office of Indian Resources Policy with one full-time staff member. Since that time several staff members have been added to that office. A senior Indian land claims researcher and two additional researchers investigate the background and facts and develop positions on a growing number of Indian land and resource claims. As well, a policy adviser has also been added along with two secretarial staff to provide support to the director and the other professional staff.

I might also say a senior person in the ministry has been given the task of negotiating Ontario's position in the mediation currently ongoing with the Islington and, it is hoped, with the Grassy Narrows bands. As I understand it, the Grassy Narrows band has not yet come forward with proposals, but negotiations have started with the Islington band.

The ministry is again reviewing its effectiveness in meeting the ever-increasing responsibilities it faces in resolving Indian issues that are involved with natural resources. This review will examine the level of resources currently assigned to deal with natural resources issues that have a direct impact on native people by the ministry. As well, it will assess the need for an overall review of the government's corporate approach to dealing with the problems of our native people. I want to assure this committee that the ministry recognizes its responsibility in this area and is moving ahead to deliver its mandate effectively.

There was one other matter that Bob mentioned which had to do with the headland-to-headland issue. I can report to him and the committee that in substance Grand Council Treaty 3 presented in 1978 a claim for headland-to-headland boundaries for Indian reserves in Treaty 3. Treaty 3 mainly covers a part of northwestern Ontario and also a part of eastern Manitoba. The government is now preparing a response to their claim. This response will be presented to the grand council with a clear understanding

of the government's position and a statement of willingness to discuss this position with the grand council and Treaty 3 bands. That meeting is to take place on Wednesday afternoon, November 26, in Fort Frances.

In connection with the management improvement system, I also mentioned last night that pamphlets had been handed out to staff to explain it as it affects staff in general. I think there are sufficient copies to be passed around.

Getting out of order slightly, we talked briefly last night about agencies which this committee would wish to appear before it and setting dates for those. I understand that in the past the two that have been normally requested are the St. Lawrence Parks Commission, whose estimates are in vote 2503, and on one occasion the Algonquin Forestry Authority, whose estimates are in vote 2504.

If there is some recommendation or request from the committee as to which date they would like to deal with the first of those two I would be happy to have it. If not, probably a week from this Thursday we might be close to that vote, I trust, and if that would be agreeable, we could deal with them then depending on what happens on Wednesday. If we can clean up any unfinished vote or item on Wednesday and deal with the commission first off, then we will be sure it is done, if that is agreeable.

**Mr. Foulds:** Mr. Chairman, why don't we set next Thursday evening at the beginning of the vote for the St. Lawrence Parks Commission and wherever we are we will deal with that and then revert? I do not know how other members of the committee feel, but if it would expedite matters we might also want to have the Algonquin Forestry Authority at the same time.

**Hon. Mr. Auld:** Their vote is in 2504.

**Mr. Foulds:** We might do better to have that the following week. That makes sense to me.

**Hon. Mr. Auld:** We can always change it, because they are not too far away; but I would like to be able to give them a couple of days' notice because of meetings and what not. So we will say we will have the Ontario St. Lawrence Parks Commission as the first item on Thursday, November 6. Probably at that point we will be in a better position to see when we would be getting to vote 2504 and when we might want the Algonquin Forestry Authority.

10:30 a.m.



**Mr. Riddell:** Aggregate is pretty important too.

**Mr. Foulds:** I agree with the honourable member that the aggregate thing will be extremely important to many members of the committee. I think we all remember that in the last two sets of estimates we sort of ran out of time on the two big votes at the end. Perhaps two or three of us, or one from each of the parties, can get together and set some time. If we knew at the time we would be starting, we could reserve some time at the end so we do get to those two big votes. Perhaps we could come to an agreement on that by next Tuesday if that is agreeable to a representative of each of the other parties.

**Hon. Mr. Auld:** That is the final vote.

**Mr. Foulds:** Does aggregate come under the mineral vote or under the land management vote?

**Mr. Bolan:** That would come under policy as well. Aggregate would come under policy.

**Mr. Foulds:** Let's get it settled. Are we going to deal with everything in each vote under policy or are we going to deal with them under the votes? That is the thing we have to get settled now.

**Mr. Bolan:** You know yourself what happens. By the time you reach the end of the session there is no time left to deal with these very important matters.

**Mr. Foulds:** That is exactly the point I have been trying to make.

**Mr. Bolan:** Aggregates is one of them. We know the ministry has changed the regulations with respect to aggregate and we want to ask some questions as to why that was done, because that comes under the heading of policy.

**Mr. Wildman:** With respect, Mr. Chairman, surely most of the questions we would like to ask—whether we be from the Conservative, Liberal, or NDP caucuses—can be seen to come under policy in the main office. The problem I have experienced with these estimates in the past is that we tend to become bogged down in long discussions about—well, for want of another example, conservation authorities—under policy. Then we never get to our other votes.

All I am suggesting is that perhaps we should not deal with everything under policy. We could talk about administration there briefly, or however long it takes us to complete it, and then deal with the policy questions on the various things—whether it be minerals, forestry, parks or whatever—

under the particular votes where they are located.

**Mr. Eaton:** Divide up the time ahead of time for each vote.

**Mr. Foulds:** The reason I think that makes some sense is that it relieves some burden on the staff, so we would have people to deal with each of the topics rather than fighting with pillows under the general votes.

I was going to suggest that if spokesmen for each of the parties could get together we could devise a timetable, say by next Tuesday night. We could hang loose for today and tomorrow night and then could get together and work out some time allotments. If that is agreeable to the representatives of the Liberal and Conservative Parties, why don't we do that?

**Hon. Mr. Auld:** Yes, that is under vote 2504, the first item, mineral management.

**Mr. Riddell:** The only reason I didn't want to delay the aggregate discussion too long was that I notice in my riding—perhaps you are experiencing the same thing—these engineering companies are sending letters out to the wayside pit operators. I know a lady who lost her husband a year or two ago came into my office over the weekend very confused. She had these letters and she said: "What does this mean? Do I no longer operate my wayside pit without getting a licence? If I get a licence am I going to have to go through all this environmental assessment?" She was really upset over this whole thing. So I just wanted to know where we stand. I have to get an answer back to that lady.

**Mr. Foulds:** I think in that specific case the staff will work on it with you, but that doesn't preclude you from raising it publicly. I think that is an urgent matter as well.

**Hon. Mr. Auld:** I take it you are going to set a time before the end of the time allotted for the estimates to deal with vote 2504, item 1?

**Mr. Chairman:** If you want to state a date now, like next Wednesday or whatever it may be, it is up to yourselves. If you want to skip one—

**Mr. Wildman:** Then we will stand one down.

**Mr. Chairman:** That's right.

**Mr. Foulds:** I am sorry, I am not following what is happening.

**Mr. Chairman:** If we are not up to that one, we generally take them according to rotation, 2501 to 2505. Suppose you are at

2503; if you are not completed it would be all right to set a date like Wednesday or whenever you want to deal with this specifically. That would be up to yourselves.

**Mr. Foulds:** I thought we had sort of a tentative agreement among members of the committee that we would go today and tomorrow—

**Mr. Bolan:** Go in our usual disorganized manner today and tomorrow.

**Mr. Foulds:** But there would be a representative of each of the parties and we would have a timetable set out.

**Mr. W. Newman:** I gather you are going to set up a subcommittee. Why would you not set it up and then meet tomorrow afternoon so you will know tomorrow night what we are going to be discussing next week?

**Mr. Foulds:** That's fine.

**Mr. W. Newman:** We don't mind missing part of the debate in the House tomorrow afternoon.

**Mr. Foulds:** I think that can be arranged.

**Mr. Eaton:** Jim will buy lunch for the committee and they can settle it over lunch.

**Mr. Chairman:** Is that agreed?

**Mr. Foulds:** Sure.

**Mr. Chairman:** You can agree among yourselves. Name your own members.

**Mr. Foulds:** Should we decide now the personnel for each of the parties?

**Mr. Bolan:** We will have a representative.

**Mr. Foulds:** Let's meet right after question period tomorrow afternoon.

**Hon. Mr. Auld:** I am not going to deal with everything that was mentioned in the opening statements, because I am sure we will deal with some of those detailed things in the votes as we come to them, but there are a couple of others I wanted to mention.

Bob Nixon mentioned the concern about the role and mandate in the study that had been done on the role and mandate of the conservation authorities and their interface, if you will, with the municipalities which appoint members to and are part of the various conservation authorities.

The present attitude of the ministry regarding the role and mandate of conservation authorities may be summarized in principle statements and role-and-mandate statements contained within the report of the working group on the role and mandate of conservation authorities, which was a presentation prepared by our ministry.

In summary, the principle statements and the role-and-mandate statements are as fol-

lows: The principle statement is that the fundamental principles of local involvement, municipal-provincial partnership and watershed jurisdiction embodied in the Conservation Authorities Act are reaffirmed. The mandate statement: The mandate and powers provided by the Conservation Authorities Act shall be retained and consideration given to revisions to the legislation which will assist conservation authorities in meeting their responsibilities for the conservation, restoration, development and management of natural resources.

10:40 a.m.

The role statements: First, to develop and implement a program of water and related land management to prevent loss of life and minimize property damage from flooding and erosion in the area over which they have jurisdiction, consistent with social, economic and environmental considerations.

Second, to encourage and participate in the co-ordination of water management programs and, where specifically designated, co-ordinate the preparation of comprehensive water management plans in the areas over which they have jurisdiction.

Third, to identify and conserve those natural resources of regional significance within the area over which they have jurisdiction.

Fourth, to manage the lands acquired for the purpose of achieving their objects to produce ancillary resource and recreation benefits compatible with the purpose for which the lands were acquired and consistent with local and provincial demand and priorities.

Fifth, to enter into agreements with the appropriate agencies to assume additional water, recreation or resource management responsibilities consistent with local and provincial priorities.

Those statements set out our position in the ministry on the mandate and role. It is our intention to move these statements and their accompanying narratives forward to the policy adoption process of the government and it is anticipated that these statements, in whole or in part or modified, will be the provincial policy in the first quarter of 1981. In conclusion, I point out that in every case the conservation authority has the majority of its membership appointed by the municipalities in which it operates and which pay the municipal share of its operation.

In discussions that I have had in recent months with some municipalities had expressed concern, I have emphasized that with the exception of the Grand River Conservation Authority, which I guess is the

largest authority in the province in terms of the number of municipalities involved, they have the majority of membership. The province appoints three representatives in all but the Grand, and if a municipality is dissatisfied with the operation of the authority, either because of doing things that it doesn't want done or not doing things that it does want done, then the municipalities themselves have the majority and can certainly affect the policy of the authority. I think it's fair to say that in the last two or three years there has been a great awareness on the part of municipalities and in many cases I know of in my part of the province communication has improved and a number of the concerns have been resolved.

**Mr. G. I. Miller:** How many are appointed to the Grand River authority?

**Hon. Mr. Auld:** Ten, maybe. The Grand River authority is unusual. The first operation in the province was the Grand River Commission and it existed for a number of years. Then the authorities were set up and there was a Grand River authority set up at the same time as the Grand River Commission was still in existence. I believe they operated concurrently, if not co-operatively, for a period. One of the reasons I believe it has such a large number of members is because many, if not all, of those members of the commission were made members of the authority at the time the authority was set up and the municipalities along the Grand appointed members to the authority. I think that was the general history. I had better ask—how many were there in total?

**Dr. Reynolds:** I am really not sure.

**Mr. G. I. Miller:** I just wondered how many were appointed.

**Hon. Mr. Auld:** I think there are about 10. I know it is a very large number.

**Mr. Bolan:** Do we have a chance now to ask a question based on the replies that you have made to the questions asked by Mr. Nixon?

**Hon. Mr. Auld:** Mr. Chairman, I would prefer if we could do it when getting into the votes. This is the big problem about what is policy from a general point of view and what is policy that should be discussed with the vote, because in the past you have had a problem with duplication.

**Mr. Bolan:** I disagree with that. I am not talking about getting into a philosophical discussion about something. I am just talking about a supplementary question or something where you haven't responded properly

in my mind, or we would like further information. That's all, and that's what I am trying to establish. I am sure Mr. Foulds will have some questions to ask of you, based on your reply to his statement of last night, and I want to know if we can take the opportunity now to ask questions of the minister.

**Hon. Mr. Auld:** I have no objection. It is your time.

**Mr. Wildman:** Mr. Chairman, I don't think we have any objection to that either. However, I think it would be useful if the minister could complete his reply to both and then move from there.

**Hon. Mr. Auld:** Okay, fine.

**Mr. Foulds:** Is this the first half of the debate or the second half, when we have rebuttals to the rebuttal?

**Hon. Mr. Auld:** The member for Port Arthur last night was stating his desire to increase the Ontario industry manufacture of mining equipment and I may say that this concern is also expressed by the government and particularly by my colleague the Minister of Industry and Tourism (Mr. Grossman) who is aggressively promoting such initiatives in co-operation with the federal government.

However, it's a difficult area to understand. Statistics are not easy to get or sometimes useful especially when you try to apply Canadian statistics just to Ontario, as has been done. The fact is, from what I have been able to dig up overnight and from what I previously was aware of, the data that you provided almost certainly included all of the large open pit equipment used in the coal mines and the tar sands at British Columbia and Alberta.

**Mr. Wildman:** The Ministry of Industry and Tourism is interested in that as well.

**Hon. Mr. Auld:** The figures for the underground equipment used in Ontario are almost certainly better, I am told, exceeding 507.

**Mr. Foulds:** 507 what?

**Hon. Mr. Auld:** The reason, I am told, is that we have internationally competitive aggressive participants in this business in Ontario, and I am referring to Jarvis Clark of North Bay. I am sure members have noted their recent purchase of the British motor car offices and warehousing facilities in Etobicoke.

**An hon. member:** They also have a new plant in Burlington.



Hon. Mr. Auld: I am equally sure you share my pleasure that this signals the expansion of Ontario manufacturing of mining equipment, not only for use by Ontario mines but for export, notably to the USA. I would add to that I had the opportunity a couple of months ago to be in Sudbury at the opening of their new \$24 million maintenance shop when they indicated they expect that once they have it functioning full force for their own operations, both in Port Colborne and elsewhere and Sudbury, to be accepting custom work from other mining and heavy equipment operations in the north. Excuse me, that 507 is 50 per cent. As soon as I finish this I am going to—

Mr. Foulds: I said 507 what? I sort of interrupted you.

Hon. Mr. Auld: As soon as I finish this, I will clean my glasses.

Mr. Foulds: Clean them now before you make another mistake.

Hon. Mr. Auld: I am not reading what I am saying at the moment. Now I have forgotten what I was saying at the moment.

10:50 a.m.

So Inco has announced its intention to provide this as, in effect, the service industry for the north. This will mean more jobs in Sudbury and the Sudbury area, no doubt the ones being done at present in southern Ontario or in other jurisdictions.

I would like now to respond briefly to Mr. Foulds' opening statement last night in respect to the importance of forest industry employment in Ontario, to the matter of the inadequate level of regeneration treatment, and to the matter of single-use areas. I am very much aware, as you are, of the substantial contribution of the forest industry to the economic framework of the province and to the north in particular.

This contribution was recently increased by way of the doubling of the Pluswood facility at Atikokan and by the announcement of the new waferboard facility at Englehart. I single out these two among a large number of developments in that not only do they provide a significant number of new jobs, but they also allow for the utilization of previously unutilized species. At the same time, they allow for the regeneration of areas previously not capable of treatment, due to the physical impediment of residual materials.

On the matter of levels of regeneration accomplishment, I am concerned that had the member presented the committee with the data relating areas treated to areas requiring treatment instead of relating areas treated

to gross areas cut, the assessments and the conclusions would have been vastly different. In fact, areas regenerated, as a percentage of those requiring treatment, are anything but a disgrace.

Utilizing the annual report data, as a comparison for the period to which you referred, the percentage treatment is 1975-76, 65.2 per cent; 1976-77, 79 per cent; 1976-78, 122.2 per cent; 1978-79, 103.2 per cent; and 1979-80, 98 per cent. I don't want to dwell on that point, other than to assure you I will respond in detail with supportive data and analysis through my answer to question 354, which was tabled in the Legislature last week.

The third and final point I wish to make is to clear up a misconception that may have been left with members of the committee in respect to single-use areas. Every acre of timber production in the province is a multiple-use area available for hunting and fishing and production of other recreational and environmental benefits, in addition to the production of fibre. To ensure this, every mile of road built under the northern Ontario resources transportation program, the Department of Regional Economic Expansion program and the forestry management agreements program is open to public access. It is closed, of course, during certain fire emergencies and in some cases for safety reasons during hunting seasons if cutting is going on at the same time. With those two major exceptions, that is the situation.

The next matter I would like to address is the recent letter to the editor which speaks to three serious forest management agreement flaws and recommends eight specific steps for action by the government or ministry. You referred to this last night. The stated objective of the FMA program is to have the total area licensed to the nine large pulp and paper companies under FMAs by the year 1985. These companies currently hold 86 per cent of the productive forest. This 86 per cent is our target for 1985. To date we are at 22 per cent. It strikes me that the attainment of one quarter of the objective in less than one year from initiation, combined with the publicly stated objective by 1985, is an extremely satisfactory approach and accomplishment.

The second flaw expressed is a point of error. Section 11 of the agreement requires that NSR—not satisfactorily regenerated—lands, be surveyed prior to the signing of the agreement and that the 20-year treatment plan be agreed to. That section, plus the

ground rules, very specifically deals with this matter.

On the third matter, those areas not yet under FMAs will not be ignored, but will continue to be addressed by the crown until such time as they can be converted to FMA coverage. Eight specific steps are proposed. The first is the making of a commitment to sustained yield. In fact, we have already done better than that. We have a production target in place. I might add that Ontario is the only jurisdiction in Canada to have made such a commitment and to have such a commitment in place. Additionally, the Crown Timber Act amendment of 1979 ensures that five-year analyses of every FMA are prepared and tabled in the Legislative Assembly.

Secondly, emphasis must be placed on the unit forester, and we agree one million acres is too large an area for effective management by a single forester. For intensive management we believe about one forester per 100,000 acres is desirable. However, let us agree, not all these people need be in the employment of the ministry. There is considerable room for and need for a strong consulting community and a well-developed forest-industry forestry department. By virtue of the FMAs, companies are already attracting some very competent forestry expertise, both from our staff and from outside the province. We view this as a very positive development in terms of technology transfer.

In regard to the question of developing proper nursery stock and collecting quality seed—this is similar to what you were saying last night—in the development of our tree improvement program, all the seed for the artificial regeneration of our major species will come from selected seed sources by 1990. Miss Marie Rauter, our forest geneticist, has been doing an outstanding job for the ministry in the tree improvement field. Within three months she will have prepared an outline of the critical path for the implementation of that program. Currently, all our regions are establishing seed collection areas and seed production areas, as well as selecting plus trees for seed orchards.

On the nursery side, a major proportion of our capital spending is directed towards improving our capacity to grow quality stock. You said Ontario needed to bring planting methods into the twentieth century and we agree. I trust you will acknowledge our efforts in putting on the first exhibition of silvicultural equipment in the world at Thunder Bay last June. In fact, I think you mentioned it. You will recall the wide acclaim it evoked in the province.

As well, this ministry has developed the world's most advanced prototype mechanical planter and turned it over to the private sector for development. We also have a northern firm involved in the development of a mechanical cone harvester and we are seriously dedicated to continuing research and development work in the total area of silvicultural mechanization. In fact you can see some of that going on in a number of northern centres, as I have.

Reforestation must be focused on the more productive sites, we agree. However, location is an extremely important variable in addition to site paths in terms of our production policy and its implementation schedules and procedures.

Private land forestry should be encouraged. That is agreed. Our chief forester, Ken Armson, has been given responsibility for overseeing a major review of the private land forestry policies and programs in Ontario. Out of this exercise, it is our intention and commitment to produce a green paper on private land forestry in the spring of 1982.

#### 11 a.m.

We agree that a permanent system of forest access roads should be developed. This is the key thrust of the current DREE program in the north and is also a major objective of the FMA program. He suggested that a provincial forest authority should be established to properly harvest and regenerate. In fact, these actions are already reasonably developed, although not in the form of an authority, on the crown management units. The one formal authority existing at this point is the Algonquin Forestry Authority. We are very carefully and deliberately watching and assessing that type of structure.

In summary, I would like to say with the exception of the misconception regarding the FMA process and content we are in very significant agreement with the concerns and recommendations expressed to the Toronto Star editor by the member for Port Arthur.

The member for Brant-Oxford-Norfolk (Mr. Nixon) stated that it appears to be this government's objective to maximize profits by exporting metals to Europe for refining and then bringing the product back here for sale. This was in connection with section 113 of the Mining Act exemptions. I put it another way. My government recognizes that job generation and job security are more surely achieved when industry has a firm market. The fact is Ontario can use today only a small fraction, probably less than 10 per cent, of the metals we produce. By refining

in Europe, our production is assured of markets in the European Common Market which would almost certainly be lost to Ontario producers if refining was mandated here. Since the jobs lost in consequence would represent 10 times any possible gain, we have concluded that action against these market forces would be most unwise for both Ontario workers and Ontario profit at the present time.

**Mr. Foulds:** Is the European Economic Community as protectionist then as Gaitskell argued in 1962? Is that what you are telling us?

**Hon. Mr. Auld:** The EEC is still protectionist. How protectionist it is in every commodity, I could not say.

**Mr. Foulds:** But you are telling us that it is extremely protectionist in terms of refined minerals.

**Hon. Mr. Auld:** I am telling you that is what I understand in a number of minerals. There may be some where it is not because it is not getting the supply, but I think in most cases that is true. Let me reiterate the principles by which the government of Ontario manages the development of our mineral resources, and I said this once before in a statement in the House.

The passage of a law does not automatically make economic sense out of economic nonsense. It makes sense to produce only what one can sell and it takes a long time to develop a market, but only a short time to destroy it. In this connection, we should not delude ourselves into believing that the industrial nations of the world would beat a path to our door for either our metal ores or our metals. Things have changed. We no longer enjoy the degree of market dominance or the relatively low costs we did in the past. If we are going to compete internationally, only development and production of better products at lower prices will result in increased sales and more jobs. This is the challenge for management and labour to face together in the 1980s.

Another most important reason which makes it economically impossible to produce all of Ontario's ores and finished metal to finished end products in Canada is the combination of transportation costs and market factors. This requires that many end products have to be produced at or near consumption centres; for example, the use of zinc in the galvanized steel industry.

Finally, this government—again I say it—is committed to a market economy. It is a philosophy which is serving us well and I

see no reason to consider abandoning this approach in the present circumstances.

**Mr. Wildman:** It really helped us out in Atikokan.

**Hon. Mr. Auld:** Those who counsel otherwise are hiding their heads in the sand.

**Mr. Foulds:** I am sure the Premier would not agree that the market is really helping us out in our oil supply. The minister's statement is not a statement of government policy. It is a statement of corporate responsibility.

**Hon. Mr. Auld:** There is one other matter, but I could leave that as it has to do with the fire management program study group. No doubt that will come up again in vote 2502, item 2. I might suggest when we get to that we take items 2, 3 and 4 together because they are all interrelated.

There are two other items, one of which leads directly into vote 2501, but there was a reference made to the Ontario iron ore industry and I will have a brief comment on that. The iron ore industry is now a global industry with no tariffs or quotas to speak of. The situation currently is one of glut. You may have noticed that the Iron Ore Company of Canada has been cutting back just recently. The iron ore business has become more fiercely competitive than ever before. Australia and Brazil are on stream with huge new developments of high grade ore. Some of these require no beneficiation; that is no processing or pelletizing.

Canada has everything to lose and nothing to gain by erecting artificial trade barriers. Our principal export markets now and in the foreseeable future are primarily in the United States and, secondarily, in the other major free industrialized nations. Only by expanding trade in these markets can Ontario and Canada hope to realize maximum benefits from the development of our mineral resources. Our mineral resources are always available to domestic users. Attempts to control raw material supplies and to direct them against market signals cannot create markets, only lose them.

Neither this government nor any government can protect the mining industry, the mineral processing industry or any other industry against the marketplace in the long run, nor can it protect a particular mining enterprise in the short run against the fact that its ore reserves have been exhausted.

There is no question that iron ore and steel sales to and purchases from the USA contribute in an important way to the profitability of Ontario operators and employees



in their undertakings. It is nonsense to imply that the Ontario steel industry is planning to kill off the Ontario iron ore industry. If there is any plan, it is to continue to build a growing, healthy, profitable steel industry for the benefit of all Ontario and Canadian residents.

I think I dealt with all the closings and described in the Legislature the problems related to those closings. They were due to the exhaustion of iron reserves in some cases, to the difficult metallurgy of certain ores in other cases and to the present oversupply of iron ore. All of these in various combinations are deterrents to replacing mined-out operations at the present time.

A key point to remember is that Ontario's iron ore and steel producers operate and sell in a climate of worldwide competition. It is folly to force Ontario companies to use higher costs and uneconomic raw materials. A healthy steel industry will grow much more rapidly than a weak steel industry, create more stable jobs and reach sooner the position where it can justify new iron ore development in Ontario.

Another allegation has been that captive iron ore mines, that is, iron ore mines owned and operated by steelmakers, are in some way undesirable. The fact is that the great size of modern steel company operations means that an assured supply is essential and requires long-term forward planning. This includes commitment years ahead to purchasing iron ore.

11:10 a.m.

No major steel company would risk securing all its iron ore supplies through short-term spot purchases, nor would it risk securing all its iron ore requirements from a single iron ore project which could be shut down for various causes. On the other hand, no one would develop a 100 million ton iron ore deposit costing many hundreds of millions of dollars unless a market is ensured. Thus the only sensible method to develop an assured supply of iron ore is by participation in captive mines.

Finally, I want to deal with the possibility of foreign reprisals. Canada exports to the USA four to five times the amount of iron ore pellets it imports from the USA. Canada exports, mostly from Ontario, as much or more finished steel to the USA as the USA exports in total around the world. Under the present circumstances in the USA, in which at least 80,000 employees have been laid off so far in the primary steel industry, political action is under way there to limit

steel imports. There are also talks in the same vein in Europe.

**Mr. Foulds:** They say, "Well, why are we losing so many jobs in Canada?"

**Hon. Mr. Auld:** Any government plans in Canada for the disruption of the normal flow of iron ore and steel between Canada and the USA would certainly receive considerable public attention and publicity. Any government action in Canada could invite countering reaction which could have negative long-term effects on the iron and steel industry in Canada and especially in Ontario.

From 1970 to 1977, when worldwide growth of crude steel production was 13.4 per cent, or 1.8 per cent per year, employment in the steel industry grew in Canada by almost seven per cent, while it declined in the USA by 15 per cent. Other than the large high grade deposits of Labrador-Quebec ore, there are very few Canadian ore deposits that are economically attractive at this time, that is, of sufficient size and grade to warrant new development. Remote locations of Canadian deposits, such as Lake St. Joseph, make greenfield development comparatively expensive.

In Ontario, our low grade iron ore output is having a tough time, but the Ontario steel industry is still in outstanding shape. Nevertheless, the Canadian steel industry is optimistic. In 1979, Stelco, Dofasco and Algoma Steel invested a total of C\$343 million in expansion and modernization. They expect to spend C\$577 million for the same purposes during 1980. Lake Ontario Steel Company in Whitby plans to double its steel capacity in 1980 and Burlington Steel plans to spend C\$4 million to upgrade its bar mill facilities. Further development of Ontario iron ore mines will realistically have to await the next upturn of North American demand.

Finally, leading into vote 2501, there was one error in the remarks I gave on Thursday night relating to affirmative action. That was on page 29 and was headed affirmative action. Unfortunately, by an error, the figures quoted there are the 1979 figures in some cases, rather than the 1980. I have a corrected page which we will give to each member.

Who has them? Oh Elizabeth, bless your heart. Could you give them to one of the clerks and I will just read it.

"As most of you are aware, the ministry has traditionally been male oriented. However, with strong encouragement from the top, our affirmative action program is beginning to show positive results. For example, the representation of women on staff in-

creased from 21.9 per cent in 1979 to 22.4 per cent in 1980. The number of females among the resource management professionals continued to increase from 35 in 1978-79 to 37 in 1979-80. The number of female resource management technicians modestly increased from 44 in 1978-79 to 48 in 1979-80. Since resource management professionals and technicians make up more than half the total positions in the ministry, we have particularly aimed at improvements in these categories.

"A total of 144 breakthroughs were identified during 1979-80. Two-thirds of these were positions filled by unclassified staff. Highlights from women in permanent positions included non-game program co-ordinator, hatchery ranger and crew boss. Unclassified staff occupied positions such as engineering technologist, fire crew leader, junior landscape technician, junior pit quarry inspector, park warden, land survey crew and parks operation technician.

"We continue our efforts to raise and diversify the occupational distribution of women employees in the ministry and to ensure equal opportunity for them."

**Mr. Foulds:** You haven't laid to rest the rumour that Margaret Birch or Margaret Scrivener is going to get your job.

**Hon. Mr. Auld:** Well, I haven't taken down any of my pictures.

**Mr. Bolan:** Mr. Chairman, I have one or two questions which arises from the minister's reply. First of all, I would like to know the status of the coroner's inquest with respect to the Nakina fire. It has been some time now since the Supreme Court handed down its ruling on an application which was made to it. Do you know when the coroner's inquest will resume, and could you bring us up to date on that?

**Hon. Mr. Auld:** I understand there was a meeting of the coroner, the crown attorney and counsel for the ministry, but I am not aware of what other counsel may have attended. That would be a week or two ago and the coroner announced the inquest would resume on November 12.

**Mr. Bolan:** November 12 of this year, I presume.

**Hon. Mr. Auld:** Yes, 1980.

**Mr. Bolan:** The other question I have arises out of remarks made by Mr. Foulds yesterday and your reply today about the Jarvis Clark plant in North Bay. I think the Jarvis Clark plant has to be considered as the flagship of secondary industrial growth in northeastern Ontario. It is related directly

to the resource industry, if we are serious about developing industry in the north. We keep harping constantly on the need to develop a secondary industry which is related to the primary resource industry. Jarvis Clark started from a little hole in the wall some 20 years ago and has blossomed into one of the success stories of the past two decades.

11:20 a.m.

We read with much alarm now that Jarvis Clark is building another plant in Burlington. The reason for this, which was questioned by the member for Nickel Belt (Mr. Laughren) yesterday, is because of the lack of trade skills of technicians to run this kind of operation. That is sad considering the fact that in North Bay you have a community college called Canadore College, which should be able to train the people who would be required for that kind of operation.

Another reason, of course, is the high freight rates, which is something we have discussed. Again, it makes economic sense to build in Burlington, there is no question about that at all, but this is where the underlying philosophy of the government comes in. If you are serious about industrial development of secondary industries in northern Ontario, you should be doing something about freight rates. You should also be doing something to improve the teaching of certain types of trades or insist they are taught in the community colleges. I would like to know what role you have played in this respect, whether any attempts were made either by this ministry or the government to try to placate Jarvis Clark, to try to point out to them that something can be done to remedy the existing problem. There are problems: there is no question about that. I would like to know what your views are on that and particularly what your ministry has done about it.

**Hon. Mr. Auld:** Mr. Chairman, I have on record in a number of places in the province, particularly in the north—as I mentioned at the time, I was delighted to see what Inco was doing in terms of secondary industry in the north as part of the primary industry and as secondary industry that would serve other parts of the north and some of the south.

As a member of the cabinet committee on resource development I have, of course, supported both the Minister of Industry and Tourism and the Treasurer (Mr. F. S. Miller), who is not a member of that committee but who is equally interested, in a variety of programs and approaches to the firm. As a matter of fact, without naming them, some

large mining operations may be looking at spinoffs, subsidiaries or that sort of thing to provide the kind of market and facilities to produce in Canada more of the equipment used in Canadian mines. In fact, some of them—as I am sure you are aware, Mike—have done some designing for special purpose equipment which they have had manufactured elsewhere and which is found to have more than local application.

In the operation of the government, the Ministry of Industry and Tourism is primarily charged with encouraging the development of industry for replacing imports and generating exports. As far as we are concerned in the Ministry of Natural Resources, we give every support and some suggestions to that ministry in its program.

**Mr. Bolan:** What suggestions were made in this instance?

**Hon. Mr. Auld:** The conference and display that took place in Sudbury not too long ago, looking for people who could make machines for use in the mining industry, and the forestry exhibit that took place are a couple of examples in recent months.

I won't stray into the industry and tourism field except to say there has been great success over the years in a variety of import replacement programs. When Bob Macaulay was the minister of what was then the Department of Trade and Development, the manufacturers' opportunity shows, as they called them, generated a lot of business for Canadian suppliers. You put consumers all in one room with examples of the things they were importing and you brought a lot of manufacturers in to see them and see what they could make. I subscribe to that theory and I am delighted to see we're doing more of it.

That is a little broader kind of approach than that of specialized equipment as is happening today in the mining industry underground. There are new kinds of machines being developed and new processes being developed. They are not widespread yet but they require new machines or adaptations of existing machines. There is an opportunity there for people in the industry in consortia or in whatever form not only to serve their own operations more efficiently but to develop new industry.

**Mr. Foulds:** Mr. Chairman, I have four quick points I would like to make. I would like to follow up on the comments of the previous speaker with regard to the mining machinery equipment idea.

I refuse to accept the arguments put forward for locating in southern Ontario. A lot

of it has to do with the perception of top executives who feel they need all the amenities for their families that are available in southern Ontario. They are unwilling to locate in northern Ontario because they view it, wrongly, as somehow culturally and socially deprived. I think those executives have undue influence because of personal prejudices with regard to location.

Secondly, the freight rate argument is the bogey that has been raised time and time again by the private sector and by this government. In fact, the study the government did some four or five years ago into freight rate costs and their effects on northern Ontario indicated that the total additional costs would be far less than one per cent. This demonstrates a lack of commitment on the part of this government to improving rail corridors and public transportation between a relatively close northern Ontario location like North Bay and southern Ontario.

Even if for freight rate reasons North Bay did not make sense, surely some thought should have been given by the government and some muscle should have been used to locate in Sault Ste. Marie, for example, where steel mills are available and there is access to the Great Lakes waterway system which gives access to all the US midwest markets. I can see the previous speaker's predilection for North Bay and I sympathize with that, but at least there should have been some emphasis given to an alternative location, possibly in the Sault.

The next point I want to make very quickly—and I am sure we will get into the argument in more detail when we get to the forestry vote—is the business of using the statistics to show how well you are doing in comparison to the areas that require treatment. I want to make it very clear in this section of Hansard that what that means is that you are writing off a third of the areas that have been cut over and you are hoping a third will regenerate naturally. What you are doing is artificially defining your terms to say that one third of the areas you have cut are all that require man-assisted reforestation. I do not think that is a fair use of statistics.

11:30 a.m.

I would like to point out, regarding the comment you made about stock and seeding and that you hope to have all that in place by 1990, that is five years after you will have covered 86 per cent of the province with your forest management agreements and five years after the stock will be needed.



My last comment is about the iron ore stock. I find some of the comments made were just bogeymen and red herrings. Also I find the arguments put forward strangely at variance with government policy as enunciated by the Premier (Mr. Davis) when it comes to the market forces abroad in the world as they affect the price of oil and that effect on Ontario's economy. If you are going to accept the corporate arguments about the market forces with regard to iron ore, then maybe the Premier and the Minister of Natural Resources should get together on what the province's stand is with regard to market forces and oil and its effect on this province.

**Hon. Mr. Auld:** I read this morning that the feds have finally come out for a blended price, if you are talking about external and internal market forces in oil.

**Mr. Foulds:** That is what you were talking to and there seemed to me to be a contradiction there.

**Mr. Wildman:** Leitch is the one who was talking about market forces in the oil business.

**Hon. Mr. Auld:** We really do not have any oil to export that I am aware of.

**Mr. Foulds:** No, but it suits your purpose for domestic and internal political reasons to make the arguments against the so-called market forces. I believe the market forces in the oil industry are as artificial as the market forces in the iron ore industry. You only have to cite the Organization of Petroleum Exporting Countries cartel to indicate how false the market force argument is on the international world scene as it affects oil. The same thing happened in a minor way in uranium. I submit the same thing happens in iron ore.

Leaving all that aside, your arguments are good arguments from a corporation point of view but they are not good arguments from a government that has to consider not merely profit and shareholder results but has to be concerned with the social and economic cost to the public purse. The social and economic prices you are paying from the public purse are too high. What you are accepting with those arguments is that corporate decisions will be made in corporate boardrooms outside this province that adversely affect the people of this province and that you will continue to accept, without argument and without influence, the boom-and-bust syndrome of northern Ontario one-industry towns. I for one reject that.

**Mr. Bolan:** Are we going on the votes?

**Mr. W. Newman:** Before you go on to the votes, I have something that I don't know whether it comes under a vote or from the minister's brief opening remarks, which I do not have with me. On one of the pages you talked briefly about loosening up the 66-foot rights of way that are around various lakes in Ontario. I believe you touched on that in your statement. Does that come under policy or will that come under one of the votes?

**Hon. Mr. Auld:** I suppose it comes under land management, which is vote 2502.

**Mr. W. Newman:** It has been a sore spot with me for many years that hundreds of thousands of cottages in Ontario are probably built on either crown land or municipal land around lakes. The policy, as you say, has loosened up.

I took the trouble this morning to make a phone call to a municipality in the Muskoka area. They are asking 10 cents a square foot for the land there that everybody has built on. It costs about \$3,000 in legal fees. It is those damn lawyers again. I am wondering what the ministry's policy is if it is crown land or municipally owned land. What sort of controls are on it? How are they being loosened up?

**Hon. Mr. Auld:** As I said before and I should repeat, this does not apply to every lake in the province because some have the regulation and the others do not. The reservation was originally made so that people who were travelling by canoe, as most people did were able to get ashore. That no longer applies. In all organized territory that crown reserve was turned over to a municipality, similar to road allowances, and they have been so notified.

**Mr. J. A. Taylor:** That has taken place? Pardon me for interjecting, but what would the mechanism be for that transfer to the municipality from the crown?

**Hon. Mr. Auld:** Originally?

**Mr. J. A. Taylor:** No, laterally

**Hon. Mr. Auld:** There has not been any laterally. My understanding is that when territory was organized and surveyed, any crown reservations of the 66-foot allowance around a lake which had been established so that the settlers could get in by canoe, land and travel around the edge of the lake—it was the first roadway I guess—when those areas became organized municipalities that reservation was turned over to the municipality along with the road allowances. In those areas which are still unorganized territory, the crown still has them. They are

public lands but they are crown lands in unorganized territories and municipal lands in organized territories. But there are not those reservations around every lake, for some reason or other.

**Mr. J. A. Taylor:** Bill, would you excuse me for a moment? I do not want to impinge on your time, but this is on the same thing. I have an interest in this too, because in my part of the country the grants from the crown in many cases went to the water's edge so there was not any 66-foot road allowance reservation. But in some areas there is. I think that has come in subsequent to the original grants from the crown.

I gather that those lands are still owned by the crown. I run into this in parts of my riding as well. I probably misunderstood you, but from what you said I gather they were turned over to the municipalities. I think the way you explained it is that when the road system was given to municipalities this is a part of the road system and jurisdiction and ownership vest in the organized municipalities.

**Hon. Mr. Auld:** That is my understanding.

**Mr. J. A. Taylor:** Subsequent to that, though, where some of the cottages have reserved the 66-foot allowance, what is your policy now in regard to that? I am just following up Mr. Newman's question.

**Hon. Mr. Auld:** The press release that went out, and the announcement to municipalities, said that as far as the ministry was concerned those crown allowances would be sold to the abutting owner providing that owner paid the cost of the survey and the normal cost of transfer. How much was that?

**Mr. Clarke:** I think it was about \$200.

**Mr. J. A. Taylor:** I gather that is the new policy.

**Hon. Mr. Auld:** We not only have not sold ourselves for years, but we have opposed it because we would be consulted if the municipalities proposed to make a sale. We no longer oppose it unless we require it for some public purpose, for example, if it is adjacent to a park or something like that or partially in front of a park.

11:40 a.m.

**Mr. Wildman:** Considering the road system in some parts of the north, I can understand why you did not want to let go of this allowance around a lake.

**Hon. Mr. Auld:** We did not set any fee for land that a municipality could or should sell at because it is municipally owned.

**Mr. J. A. Taylor:** I understand that. That is their jurisdiction. I appreciate the procedure municipally in closing a road allowance and the conveyance of it.

**Hon. Mr. Auld:** This is specifically what I said. Where private land is fronted by a shoreline road allowance or shoreline reserve, we will now generally support proposals to sell these 66-foot strips to adjoining landowners provided, of course, that such sales are not in conflict with other government or municipal policies.

**Mr. J. A. Taylor:** Perhaps I could make an observation. We seem to have spent the early part of our history getting land out of crown ownership and into the private sector. For the last number of years we have been reversing that procedure—for the last 25 years especially—through various agencies, such as conservation authorities, and getting land back into public ownership from private ownership. I am not criticizing that or saying some of that process should not have taken place.

**Hon. Mr. Auld:** We are still alienating some land in the north for cottage lots and stuff like that.

**Mr. J. A. Taylor:** At times I get the impression there is a complete resistance to transferring anything out of the ownership of the crown to private individuals. I was thinking of your policy—I gather it is a policy—in regard to leasing arrangements for water lots where you have a dock as opposed to acquiring title to a piece of land where your dock is. Is there any hope of extending that policy to include docking facilities?

**Hon. Mr. Auld:** At the present time and for some years—I could not tell you how many—water lots have not been sold to private individuals. Some have been sold to industries for a number of reasons, public liability being one of them, for putting up docks or pipes out to collect oil from tankers, cement conveyors and things of that nature. At the present time you can get a letter of permission, which will cost you nothing.

It was one of the first things I did when I learned a little more about who owned what land. I got one myself, as Minister of Natural Resources, for a dock in front of my house. I got a letter of permission from the district manager which permits me to occupy that piece of crown land for a dock. The restriction is that one cannot live in it. It can be a dock or boathouse but it cannot be a residence. You can get a licence of occupation, which is a little more paperwork.

What that does is really give you authority to stop somebody camping on your dock which you would not otherwise have if you built on crown land.

We are looking at the policy regarding docks which these days are docks of a reasonable size and not used commercially but as a reasonable appurtenance to a cottage. There may be some policy alteration in connection with that sort of thing. At the moment there is provision, and I have never heard of anybody being turned down. But if you want to build a dock you should get a letter of permission. What we require, speaking in a general way, is the agreement of the neighbours on either side that you are not building something that is going to interfere with their passage to and from the water or building a 10-storey wall.

**Mr. J. A. Taylor:** I understand that. It was a question, I suppose, of the attitude or posture of the government and having that reflected in the district offices. I went into it in terms of lakeshore protection work as well, where technically the work may not be on the land owner's property. It may be partly on crown land in terms of the beach protection. With periods of high water we have had washouts. If your deed says to the water's edge, you have lost some land because you have a fluctuating property line. To protect further erosion in periods of high water, we put in the government shoreline protection legislation. You end up now on land you may not own because of the erosion problem as the water's edge has changed.

There is another aspect of this in the subsequent assessment as a land improvement of that particular work and the reflection of that on your real property assessment and on the taxation that attaches. There are elements of this that have posed some problems. I was just wondering if your offices were going to be more generous in viewing situations where there is a request for a quit claim deed from the crown or a straight transfer of deed from the crown in these anomalous situations.

**Hon. Mr. Auld:** We are trying to deregulate in that sense. On the other hand, it hasn't solved the problem of trying to show 50 years of adverse possession, for instance, which is one of the common land problems I hear about. We think this will regularize a lot of situations because there are an awful lot of people who perhaps when they acquired the property from somebody there was a cottage on some part of it. They decided to rebuild it or move it and then perhaps the water level had gone down or some-

thing like that and they found they were encroaching on what turned out to their surprise to be crown land.

We are looking at a number of things. Tony Clarke, who is the chap in charge, has a number of things which we would like to simplify if we can overcome some of the problems one has in dealing with public property and its value.

**Mr. J. A. Taylor:** Do I get the message that you are being more flexible? That is what I am really asking because there was a sort of traditional stock answer that you could not do it. You ended up with a letter or an application for a licence of occupation for a particular parcel of land as opposed to acquiring ownership of it.

**Hon. Mr. Auld:** Is it fair to say we have more yeses than if we now say no and take two pages to say that?

**Mr. J. A. Taylor:** You haven't answered my question.

**Hon. Mr. Auld:** What I am trying to say is I am trying to answer your question and say we have loosened up. We have changed the policy as far as that 66-foot shore allowance exists. Where it exists and is still in the crown, we have stopped opposing, when asked, the sale by the municipality of that same allowance when it is in municipal hands. We are looking at the situation which exists as far as docks in front of privately owned residences are concerned and we are looking at some other things, but the other things are further down the road.

11:50 a.m.

**Mr. J. A. Taylor:** So there is no change in anything other than the policy on the 66-foot allowance.

**Hon. Mr. Auld:** At the moment there is no change in anything.

**Mr. Riddell:** Is that measured from the high water mark?

**Hon. Mr. Auld:** Mostly the high water mark. There are some deeds that go to the low water mark. I happen to know that because there is a dispute going on in my own riding. There are some real problems as to where the high or low water mark is when you have the land and a marsh which is not water nor is it technically land at that point. The big trick is to try to find out where the marsh ends and the water begins.

**Mr. Riddell:** Are you aware of that perpetual argument in Grand Bend?

**Hon. Mr. Auld:** I was aware of one perpetual argument in Grand Bend.

**Mr. Riddell:** It seems to crop up periodically. The owners there feel they own



right up to the water's edge and have put up a fence. Is it the municipality that owns that 66-foot allowance? That is on Lake Huron. Is that crown land?

**Hon. Mr. Auld:** There are some crown beaches in Georgian Bay.

**Dr. Reynolds:** Is that right at the harbour mouth?

**Mr. Riddell:** Pretty close to it. I think it used to be Monetta Menards. I don't know what they call it now.

**Dr. Reynolds:** This is to the south of the river mouth. It is small comfort, but that dispute was going on when I was district forester at Aylmer in the 1950s.

**Mr. Riddell:** Has that ever been settled?

**Dr. Reynolds:** No, it really hasn't, at least not to their satisfaction. It has been settled to our satisfaction, but not to theirs. There has been a great deal of erosion there at high water times. Those are all beach dunes. Over the years photographs have been produced to show where the area was in historic times, but it is a very difficult problem for anyone in a situation like that where there is a public beach in front of a resort hotel or a summer cottage. They simply don't want to wake up in the morning and find people barbecuing on what they thought was their front lawn. There are all sorts of uses of land in such areas. The line is established as far as we are concerned, but it is not in terms of the owners. They simply don't accept it.

**Hon. Mr. Auld:** This probably isn't the time to ask it, but I just have a question. What happens if there is a 66-foot road allowance on the beach at the water's edge and there is erosion? Does that just erode part of the 66 feet or does that move the 66 feet away from the water's edge?

**Mr. Clarke:** You keep putting me on the spot.

**Hon. Mr. Auld:** Leave it, but see if you can find that out. I have never asked that question before. I was just going to ask it before somebody else did.

**Mr. J. A. Taylor:** Maybe it is like God's little acre—moving the thing around.

**Mr. W. Newman:** Chairman, can I come back to my point here? I am not adverse to what you have done by passing on to the municipalities the 66-foot road allowance, right of way or whatever it might be and wherever it may be. It is on many lakes, but not on all lakes. I guess my concern is as an individual cottage owner, and I know there are thousands and thousands of people

in the same position who have built cottages on that 66-foot allowance. Many people built 50 or 60 years ago and did not even know they were building on it.

You have said to the municipalities that it is theirs. My concern is that the municipalities are now saying, "Okay, fine, but we have to pass a bylaw and there are seven or eight steps we must go through in order to acquire that land." The municipalities are now seeing this as a source of revenue and saying that one must pay so much per square foot for that land in front of one's cottage whether one has 100 feet or whether one has 1,000 feet.

I talked to one municipal official this morning and he said it will probably cost the average cottage owner in the neighborhood of \$4,000 to \$5,000 per lot. That's one heck of a lot of money for the average working person who has a small cottage on a lot. I am worrying about the system being abused by the municipalities in the province now that they have those rights. Another concern—and I don't know whether it will necessarily affect you because you are out of it—is whether you are thinking of any sort of controls.

Another concern is that in many areas, and I will use Muskoka as an example, because I am a bit familiar with the Muskoka area, the average cottage owner pays a tax or an assessment on his property based on his foot frontage on the lake. There could be a horrendous number of court cases before the assessment courts on that because he doesn't really have frontage on the lake.

**Hon. Mr. Auld:** He has frontage on the lake but it may be separated.

**Mr. W. Newman:** By municipally owned land. Therefore, should he be paying taxes on that?

**Hon. Mr. Auld:** I think you have a solicitor on your left who would love to advise you and take your case.

**Mr. Bolan:** The meter is running.

**Mr. W. Newman:** I am worried about the municipalities taking advantage of this situation and costing the average cottage owner, whether in northern Ontario or eastern Ontario or in western Ontario, the horrendous cost that could be thrust on these cottage owners who have been there for maybe 20 or 30 years or more.

**Hon. Mr. Auld:** What has happened in some summer cottage municipalities before is that, all of a sudden on one municipal election day, a whole lot of the cottagers come out and vote and the council gets

changed. In fact, we had one, didn't we, in Muskoka where all the councilors who won were from Toronto?

**Mr. W. Newman:** That is right.

**Mr. J. A. Taylor:** But this is provincial assessment.

**Hon. Mr. Auld:** The point is the municipality owns that and the municipality has control over what it sells it for. On the other hand, they have only been able to sell it for what the market will bear. There will be people who will say they will take their chance. I know in my own case I wish the previous owners of our house and property had acquired the water lot as some of the neighbours did in the days when one could buy it from the crown. The reason they didn't was the owner, who was a lawyer, had a successful case against the city who attempted to assess it. The case said that as long as it was on crown land he didn't have to pay municipal taxes. I wish he had been paying municipal taxes and I now owned the land, but that is another story.

**Mr. J. A. Taylor:** What would be wrong with your owning the land? Who is that going to upset in Ontario if you owned the land upon which your docks have been built? Is this such a horrendous change of public policy?

**Hon. Mr. Auld:** It might be as long as I am Minister of Natural Resources. If I was something else, I might have a different view.

**Mr. Foulds:** It is the whole question of access to public waters. That is the fundamental question. It is not unique to this jurisdiction. Almost every jurisdiction has traditionally allowed public access to waters. Even the Third World countries have declared the beaches and the shorelines to be public property, 66 to 100 feet.

**Hon. Mr. Auld:** If you look at Europe today, you still find that there are lakes owned by individuals. It is pretty hard to find any of those in Ontario because there is as much public ownership of waterfronts here in any jurisdiction in the world. We have a slightly different situation.

**Mr. J. A. Taylor:** We are not talking about the water. We are just talking about your dock. By the way, there is no change in that. The policy is you can't acquire the ownership to your dock—

**Hon. Mr. Auld:** At the moment that is right.

**Mr. J. A. Taylor:** —because it's sitting on somebody else's land.

**Hon. Mr. Auld:** Well, it is sticking out of Her Majesty's land.

**Mr. J. A. Taylor:** That is somebody else's land, crown land.

**Mr. Riddell:** Why is it a problem?

**Mr. J. A. Taylor:** Well, it depends.

**Mr. Riddell:** I don't think anybody has ever been denied an opportunity to build a dock.

**Hon. Mr. Auld:** One of the reasons why sales have been made to industry is that they are in a slightly different position in terms of financing. If you were going to build a dock and went to get a mortgage, you would not be able to get a mortgage on the dock or the boathouse unless you either owned the land or had a pretty long lease. I gather that is one of the reasons for that, plus the fact if you build on crown land and the crown still owns it, the crown has the liability if somebody is hurt by whatever you build on it.

12 noon

**Mr. J. A. Taylor:** Unless you have a licence of occupation.

**Mr. W. Newman:** I am sorry about this, but I have been interested in this thing for about 15 years. What happens if the water levels have been controlled by Ontario Hydro, for 50 years and they put in the dams? I think this echoes back over 100 years ago when those were set up and everybody had nothing but canoes. What happens to those things?

**Hon. Mr. Auld:** It would depend on what the water rights are. Some water rights were granted for mills, the original ones, which set a maximum level which the lake may not exceed. In other ones, there is a minimum level and in some there is both. These control it other than acts of God, like floods, like the one in Muskoka two years ago where one just cannot control it. I would have to look at the lease to find out the situation. I know there is one lake in my riding where the Gananoque Water Power Company is the owner of the water rights and has the responsibility for maintaining the dam. There is no high water mentioned in the lease. There is a low water which they may not exceed except in a drought.

**Mr. W. Newman:** This is my last question. With all due respect to the legal profession, why should I pay a lawyer \$200 to go to the registry office to find out if there is a 66-foot right of way around the lake? Can we find out from your district offices?

**Hon. Mr. Auld:** You can find out for yourself in the registry office.

**Mr. W. Newman:** I am not a lawyer. How do I go about doing that?

**Hon. Mr. Auld:** You can go and ask for the plan of the concession.

**Mr. W. Newman:** I am trying to get some free legal advice here.

**Hon. Mr. Auld:** I will give it to you and you will be getting exactly what you are paying for. I would go and ask for the plans. There is a series of plans in our registry office for the whole township, then the lots and in some cases the town lots or the subdivisions, villages and stuff like that. Get the one that shows your property and see what it says. You will find a description of anything that has been patented. It will be part of lot so-and-so running to the lake, or it will show water and at some place the water line and the description.

**Mr. J. A. Taylor:** Just go to the registrar and tell him you are a personnel officer reviewing job classifications and so on. He will co-operate with you.

On vote 2501, ministry administration program; item 1 main office:

**Mr. G. I. Miller:** Mr. Chairman, I would like to ask some questions. It might take a little research in order to retrieve the answers. If I could put it today, perhaps we could have an answer before the estimates are completed.

The first question is what is the total advertising budget for the Ministry of Natural Resources and its agencies, boards and commissions for this fiscal year? Second, what was the comparable advertising budget for the previous fiscal year? Third, what advertising agencies are employed? Fourth, are tenders let for the account? Five, would the minister provide a copy of the material used in all the promotions, such as brochures, radio and television scripts, direct mailings and any other promotional material? The last one is have there been any polls taken and could we have the results of those polls?

**Hon. Mr. Auld:** I think I can answer the last one. We answered a question this year on advertising and polls.

**Mr. Foulds:** The answer was you don't have an answer yet.

**Hon. Mr. Auld:** We had one poll on which we sent out a press release and published copies of it, which were available for a fee. I cannot remember what it was about now. Just a moment while I look through my

notes. I am sure we answered a question from Mr. Bolan along that line. I think he put it on the Order Paper.

**Mr. Foulds:** It was only an interim answer because I asked the same question of all government ministries five days before.

**Mr. J. A. Taylor:** Was this ministry doing all that advertising on television with the wild geese going somewhere or other?

**Mr. Foulds:** They supplied the geese.

**Hon. Mr. Auld:** I will undertake to try to get the answer because I know it exists.

**Mr. G. I. Miller:** If you could come up with the answer before the end of the estimates, that would be appreciated.

**Hon. Mr. Auld:** I will have it for you on Thursday.

**Mr. J. A. Taylor:** Is this just television advertising or is it all advertising?

**Hon. Mr. Auld:** We are talking about all advertising and polls. I think the poll we did had to do with mining, with the awareness of people in the mining industry or something like that.

**Dr. Reynolds:** The perception of it as a desirable occupation.

**Hon. Mr. Auld:** We sent out a press release which obviously missed the researchers in one or other of the caucuses. I was asked about it. I said it was published and if people wanted it they could get it at such and such an address on payment of \$2, although we had sent copies to each of the other parties.

I know we did some advertising on closing roads during a fire. I do not think we have an advertising agency. I will get it for you.

**Mr. Foulds:** I would like to ask a question about the main office which is the minister's responsibility. I have been curious as to why the minister and the ministry have been as silent as they have during the current constitutional debate about natural resources and the ownership thereof. That has been one of the key questions before the first ministers. I would like to know what contribution this ministry made to the position Ontario has on that question and what Ontario's position is.

12:10 p.m.

**Hon. Mr. Auld:** I think that question should be asked of the Premier. My understanding of the preparations for the first ministers' conference was that the discussion about ownership of natural resources was almost entirely, if not entirely, on oil and gas, onshore and offshore—Newfoundland, as far as offshore is concerned and the western



provinces as far as onshore is concerned. There was little discussion, if any, about precious metals, gravel, coal and lignite.

Offshore fisheries were included, and the policy there has been pretty clear. The current Minister of Fisheries and Oceans and the one before him also said—and this has been the case for years—their interest is in offshore coastal fisheries. They have authority under the Fisheries Act of Canada, as we have discussed regarding native people and how we get our fishing regulations. They ask us for what they want and we send up our request. They pass them as their orders in council and we pass them as ours. That is the way it works.

**Mr. Foulds:** I am very curious about this because Ontario, if I may say so, seems to be taking what I would call a laid-back position. It is all very well to distinguish between what is being discussed at present, i.e., the discussion centres around oil and gas and offshore rights. All those questions could presumably at some point affect Ontario.

I am also curious about the government's position with regard to another great energy source, a mineral called uranium. At present, that is under federal jurisdiction because of an act of the federal Parliament in 1945. The purpose of that act, taking uranium under federal jurisdiction, was that at that point it was a strategic material for armaments. Increasingly, it is becoming a material for energy and energy supply.

**Hon. Mr. Auld:** But increasingly as a major armament.

**Mr. Foulds:** Oh, sure. It would solve a number of jurisdictional problems, for example, with regard to health and safety in the uranium mining industry, and dispense with a lot of the bureaucratic red tape if Ontario made some proposition that it revert to control and ownership of Ontario.

**Hon. Mr. Auld:** I think you should ask the Minister of Labour about that because the big issue between the Ministry of Labour of Ontario and the feds is whose labour or mining safety rules apply.

**Mr. Foulds:** The only reason the federal laws intrude is that the federal jurisdiction goes back to 1945 with regard to uranium. Otherwise, there would be no question that uranium miners would be treated in the same way as gold miners, copper miners, iron ore miners and others. It seems to me, if I may go back to my original remarks, here is an example of this ministry having

no position where we have a right to expect a position.

**Hon. Mr. Auld:** The position of the ministry is the position of the government as far as resources management is concerned. The person to get the position of the government from is the Premier. He has stated it on occasion and it is relatively simple. The point you are bringing up is a matter of conflict which has come about previously, because you can explore—and exploring includes a number of things—but you can't operate a mine without a federal permit from a federal agency. You can only operate that mine—and this is where the Ministry of Labour's concern is—under the safety rules established by, I assume, the federal Ministry of Labour or Energy, Mines and Resources.

**Mr. Foulds:** Labour Canada.

**Hon. Mr. Auld:** This is where the major concern has been. You can only export the ore with a federal permit. They believe they control the peaceful sales, as opposed to the nonpeaceful. As I recall, long before I was in this ministry, there were arguments about sales to some countries at a time when mines here had supplies and markets but weren't able to fill them. It became an economic question, a question of the mines continuing to operate and of jobs being provided.

As far as the safety aspect is concerned, the person to ask for up-to-date information is Dr. Elgie. My understanding is that he and whoever his federal counterpart is in this have had discussions. There is a joint committee or commission looking at the safety matter at the moment. The Ontario minister has said he feels our rules should apply and he is prepared to apply them if he gets the jurisdiction to do so.

**Mr. Foulds:** Are you telling me in that charmingly disarming way of yours that this ministry has not been asked by the Premier and has not put forward a position about ownership of natural resources?

**Hon. Mr. Auld:** We had input into the material that went to the group from Ontario which was discussing the constitution over the summer.

**Mr. Foulds:** What is Ontario's constitutional position on the ownership of natural resources?

**Hon. Mr. Auld:** As far as we are concerned, my understanding is that our position has not changed. We own them. However, we have accepted, because they have prior jurisdiction, that in effect they control the mining and the export of uranium.

**Mr. Foulds:** Are there any other concessions that have been made by this government in terms of federal jurisdiction of natural resources?

**Dr. Reynolds:** I don't really think there have. On the subject of uranium, this ministry has joined in several discussions involving the annual mines ministers' conferences. I think they consorted—

**Hon. Mr. Auld:** As recently as yesterday.

**Dr. Reynolds:** Yes. The provincial ministers of mines have taken quite a strong stance that the proposed bills to adjust things even further were not desirable. As you say, uranium activities were taken over under this section of the British North America Act in the 1940s.

**Mr. Foulds:** I think it was a subsidiary piece of legislation.

**Dr. Reynolds:** There were two steps really. First of all, it was taken over under the provisions of peace, order and good government and then maintained under the provision which relates to works for the general good of Canada which is pretty open-ended. It has been our view for a long time, and I am not aware it has been a specific matter of recent discussion, that the federal government does not need that control except for concerns of sales and strategic use. If it were to invoke control over sales, it would have the sort of control it needs and it would avoid the types of problems you outline on safety and health and so on. At the present time, I think the Minister of Labour would tell you his inspectors are in effect agents for the federal government.

Those are really now outside our jurisdiction. We were much closer to it when the mine safety and engineering branch was part of this ministry.

12:20 p.m.

In the other elements of resources, as the minister said, really none has arisen in the discussions, except with respect to fisheries. It was really not much touched on, as I read the discussions. But the general opinion seems to be the federal government would look generally favourably on clarifying the provincial roles with respect to fisheries, but it had some reservations about how to handle what are called anadromous fishes, ones which live inland at some stage of their life cycle and in the water at others.

There are no problems with the relatively static ones—oysters, for example, which are not that mobile—but it is somewhat different with respect to migratory salmon. If that sort of stance is eventually taken, the only

one that might conceivably affect us would be the eel population which comes into the St. Lawrence River. They make an important contribution to the fishery resources of the St. Lawrence area and the Bay of Quinte. The young elvers go down to the sea, put on their growth in the Sargasso Sea and eventually return. I think that is the only species with which we might have to deal if that is developed any further.

**Mr. Riddell:** I don't wish to be disrespectful to anyone when I ask this question but if the government is really committed to reducing the budget, could the minister function adequately without the parliamentary assistant? Or do you find your ministry would operate much less efficiently and effectively without the parliamentary assistant and this additional salary that he gets of \$5,460.

**Hon. Mr. Auld:** The minister would get even less sleep than he does now if he were without the parliamentary assistant. There are a great variety of duties which the parliamentary assistant performs, one of which he has just completed, which was dealing with legislation in the House. His major one is dealing with the 39 conservation authorities. I meet with the authority chairmen a couple of times a year. He meets with the authorities not every week, but quite frequently, and he also fills in for the minister in other sorts of public duties. When we put mines and lands and forests together and the number of client groups we have—112—seem to meet about three a week, and he also meets with some.

**Mr. Riddell:** We do have the policy secretariats. I sometimes question their usefulness. I see these parliamentary assistant piloting motherhood bills through the Legislature and I often wonder why we have to pay a parliamentary assistant to do that. Why couldn't we expect that of the policy secretary who sits there and generally doesn't have questions asked of him or her? I don't really know what they are doing. Why couldn't they sit in the House and pilot some of these bills? If we go back to Leslie Frost's time, if a minister was not there to pilot a bill through, old Leslie would do it.

**Hon. Mr. Auld:** Sometimes he did it even if the minister was there. If you are talking about motherhood bills, the current parliamentary assistant couldn't be better. He is perhaps as knowledgeable about motherhood and particularly fatherhood, as anybody in the House.

**Mr. Foulds:** More than he is about the Game and Fish Act which he had to pilot through the Legislature.

**Mr. Riddell:** I think the time has come when governments have to start to balance the budget. We have to look for ways of doing it and the place to look is at the top and work down.

**Mr. J. A. Taylor:** Fire the politicians; that is what you are saying?

**Hon. Mr. Auld:** Don't go right to the top.

**Mr. Foulds:** I notice that in the main office there is an item for liability insurance. I am curious about what kind of liability insurance you carry. It was my impression that the government did not carry liability insurance.

**Hon. Mr. Auld:** I think that is for the parks. I know that is the case in the St. Lawrence Parks Commission. We carry liability in the parks there because there is an outside adjudicator to settle the question. Part of it also may be liability insurance for vehicles when they are driven outside the province as well as for vehicles within the province because we insure our vehicles for public liability.

I am told that the ministry itself is self-insured and liability in parks is for vehicles, aircraft and people in aircraft and boats, guess.

**Mr. Foulds:** But you don't carry other liability insurance for personnel?

**Hon. Mr. Auld:** Do you mean our own personnel?

**Mr. Foulds:** Yes.

**Hon. Mr. Auld:** No. It is covered by workmen's compensation. We do not pay premiums for workmen's compensation. We pay an award that the Workmen's Compensation Board makes under its rulings.

**Mr. Foulds:** Give that to me again.

**Hon. Mr. Auld:** All our employees are covered by the benefits of workmen's compensation. We do not pay a percentage of payroll into the Workmen's Compensation Board, nor does the board pay the awards they make. Anything you see in here—it is shown here someplace for workmen's compensation—is the sum total of the awards the board has made for employees or ex-employees of ours.

**Mr. Foulds:** Do you carry liability insurance for a contingency of a member of the public or someone from an outside jurisdiction being injured or killed that could be attributed to a mistake on part of ministry personnel or ministry circumstances, for example at a government dock?

**Hon. Mr. Auld:** No, we do not. In effect the government self-insures. We do that for fire—for everything except the main buildings. At least basically we are self-insured for fire, theft and those things.

Item 1 agreed to.

Items 2, 3 and 4 agreed to.

On item 5, information services:

**Mr. Foulds:** I would like to ask some questions here, because it looks like a sizeable decrease. As I go over the pages, you seem to have transferred functions to somewhere else. I would like to know exactly what functions were transferred and where they have been transferred to. It looks like a decrease of 24 per cent in the information services and, therefore, those of us who are interested in the enormous amounts of money the government is now spending on PR jobs would give some credit to this ministry. But we turn over the page and find that what you are doing is transferring libraries and the wildlife compound. I would like an explanation. In fact, your budget is going up for straight PR.

**Mr. Keenan:** Mr. Chairman, the reason for the transfer of the libraries was that a major component of the ministry library was the official wildlife library. It was judged that in the interest of operational efficiency it would be better placed within the outdoor recreation division than where it was within information services.

With respect to the Minesing wildlife compound, that was a decision made in terms of operational efficiency. It is located within the Midhurst forest district and associated with the provincial park in that area. It was felt it could be more efficiently operated under the direction of the district manager at Midhurst. Both of these moves were matters of streamlining the organization and more efficient administration.

12:30 p.m.

**Mr. Foulds:** In this vote you save \$392,300. Your total decrease in the vote is \$370,000, but you are spending an additional \$22,300 here. I would like to know what kind of public relations programs you have outlined for next year. Are you going to run another series of ads like the ones you ran last year about how great the spruce budworm spray program was?

**Hon. Mr. Auld:** You are speaking of next year's budget. We are talking about the current year's budget. There is no money in here for next year's program.

**Mr. Foulds:** What about this year?



Hon. Mr. Auld: We will no doubt be running similar informational ads. In fact, that is about the only kind of advertising we have done. Next year we may be involved in more tourist-oriented advertising towards the daytime use of facilities in the parks. That has not yet been decided.

Mr. Foulds: Mr. Chairman, as it is time for adjournment, I wonder if I could have a more definite answer to the question at the next sitting.

Hon. Mr. Auld: On what we propose to do for next year?

Mr. Foulds: I want an answer on the kind of advertising you have budgeted for in this budget?

Hon. Mr. Auld: For instance, it just occurred to me that you were talking about the West Patricia land-use plan. We advertise extensively when the public meetings are and where they are going to be both on area radio stations and newspapers and provincially with press releases and that sort of thing. Most of our advertising—in fact, I think all of our advertising this year—is institutional. We have had public meetings any place where we were spraying for spruce budworm. We have had public meetings when we were doing other things which might cause concern because of the material that was being used.

Mr. Foulds: I would like some kind of breakdown of that. I think it would certainly be useful.

Mr. G. I. Miller: Mr. Chairman, what about information centres? Is that included in this budget? Where it is covered? I am speaking of the various tourist information centres.

Hon. Mr. Auld: We have one on the ground floor of the Whitney Block. Down the hall from that we have a bookstore where you can get maps, licences and so on. Our district and regional offices are information centres about what the ministry does. Our park entrances have information about the park and perhaps where the nearest laundromat or grocery store is. The kind of thing you are talking about is under the Ministry of Industry and Tourism.

Mr. Foulds: Are we going to adjourn, Mr. Chairman?

Mr. Chairman: I think we should go through until one o'clock as that was agreed upon.

Mr. Riddell: Who agreed to it?

Mr. Chairman: It does not matter to me. It is whatever you want.

Hon. Mr. Auld: Then let us go another five minutes and then we will be sure we did our two and a half hours.

Mr. Foulds: It is all right with me.

Mr. Chairman: Shall item five carry?

Mr. Foulds: No. We want the answers to the questions that were raised, Mr. Chairman.

Mr. G. I. Miller: Are you in a position to answer the questions we asked today?

Hon. Mr. Auld: About the breakdown of advertising?

Mr. G. I. Miller: Yes.

Hon. Mr. Auld: No, we are not. We might get it on the phone.

Mr. G. I. Miller: I do not expect that. When will it be available?

Hon. Mr. Auld: It will be available for you when we start tomorrow night.

Mr. G. I. Miller: That is fine.

Item 5 stood down.

Item 6 agreed to.

On item 7, legal services:

Mr. Foulds: I have a question here, Mr. Chairman. I notice there is a fair increase budgeted here.

Hon. Mr. Auld: May I just interrupt for a second? I am told we may have a problem because we may have to get the kind of thing you were just talking about from each of our regional or district offices where we have run ads for local meetings and that sort of thing.

Mr. Foulds: I do not need details. What I would like is a clarification of the question: the percentage of that budget spent on full-time personnel; the percentage spent on what I would call straight informational advertising with regard to public meetings publication of ministry documents, availability thereof; and the whole budget associated with closing forest roads, with the forest fire season and so on. I know there is a certain amount of advertising associated with that.

Hon. Mr. Auld: What you are really interested in is whether we have done some stuff saying how progressively conservation minded we are or something like that.

Mr. Foulds: For example, I think the very slick and very clever advertising you did on the spruce budworm program was more than informational advertising. I think that slipped over into the area of propaganda. It not only informed but it sold a concept. It may very well be a concept the ministry itself is sold on.

Hon. Mr. Auld: Perhaps we ought to put it in context with the handouts that were given out in the area from the group that was opposed to the spraying, which seemed to be slightly more than informational.

Mr. Foulds: But they did not use public money.

Hon. Mr. Auld: Yes, they did. They got it from the Fahlgren commission.

Mr. Foulds: Oh, yes.

Hon. Mr. Auld: You had forgotten about that.

Mr. Foulds: It would take the Fahlgren commission to do that.

Dr. Reynolds: What has really been debated here is the amount of the information budget in head office. That is what this particular vote covers. To pull those out of the individual districts, regions and program elements would be quite a monstrous job. It could be relatively easily dealt with under the individual votes as they come up and we could undertake to be ready for those. The total information program for the whole ministry is, I would submit, outside of the scope of this particular head office item here.

Mr. Foulds: That pinpoints the very problem we in the opposition have. I can understand your administrative problem, but what it appears we are being told is that—not exactly hidden away but in other votes—additional moneys are spent on information and advertising. I think we have a right to expect to know the total component of government spending on advertising.

Hon. Mr. Auld: We can get that for you. Dr. Reynolds' point is that we can get you

the detail of what is involved in this item, but to get the detail of everything that was spent we will have to go to every district office because we are decentralized. We had this problem with something last year. We had to go to every district office to get a breakdown. In some cases it is advertising for a janitor because the other guy quit or something like that.

Mr. Foulds: It would be kind of interesting if you found hidden away in one of your district offices a full-time information officer.

Hon. Mr. Auld: I told you we would have found that out with our internal audit.

Mr. Foulds: It is the kind of thing I would like to know if you found out in your internal audit.

Hon. Mr. Auld: It would not have continued.

Mr. J. A. Taylor: Could that not be answered in conjunction with Mr. Miller's question because it arose as a supplementary out of Mr. Miller's question, if I am not mistaken?

Mr. Foulds: It arose out of the original question I put on the Order Paper.

Hon. Mr. Auld: I am told that we will, barring some unusual event, have the information about this item in the main office tomorrow. It may take us a week or so to get it all.

Mr. Foulds: Then we will have the other information before we complete the estimates.

Hon. Mr. Auld: They will relate to the other votes.

The committee adjourned at 12:42 p.m.

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**From the Ministry of National Resources:**

Clarke, H. A., Executive Co-ordinator, Lands and Waters Group

Keenan, J. W., Assistant Deputy Minister, Administration Division

Reynolds, Dr. J. K., Deputy Minister









Ontario

No. R-39

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**

Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Thursday, October 30, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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Hansard subscription price is \$15.00 per session, from: Sessional Subscription Service, Central Purchasing Service, Print Procurement Section, Ministry of Government Services, 9th Floor, Ferguson Block, Parliament Buildings, Toronto M7A 1N3. Phone (416) 965-2238.

Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, OCTOBER 30, 1980

The committee met at 8:07 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** All parties are represented. The meeting will come to order.

**Mr. Eaton,** I think you have a proposal.

**Mr. Eaton:** Mr. Chairman, our steering committee met and has drawn up a tentative schedule on how we wish to proceed with the votes. I think I gave you copies of it. I don't think all the members have copies, so perhaps they could be passed out.

We have agreement amongst the members of the steering committee and I trust they have their members supporting it. You are going to support it, are you not?

I think it lays out a pretty good schedule for the rest of the estimates, and there is no sense in talking about it too much. We can get on tonight, with one hour on administration, and then into land management. Do you want a motion that it will be the schedule we follow?

**Mr. Chairman:** Mr. Eaton moves that we follow the proposal of the steering committee for our scheduling of the rest of the estimates of Natural Resources.

**Mr. W. Newman:** Can I speak to the motion? Is that all right with the minister?

**Mr. Foulds:** I suggest we vote on it before Newman fouls us up on this one.

**Mr. Chairman:** I understand Mr. Riddell and Mr. Foulds were also members who sat with Mr. Eaton and drafted out this proposal. Are you all in favour?

Motion agreed to.

On vote 2501, ministry administration:

**Mr. Chairman:** Mr. Riddell, I think perhaps we skipped item 5 on vote 2501. We were down to item 7. Are there any questions you want to ask pertaining to that vote?

On item 5, information services:

**Hon. Mr. Auld:** Mr. Chairman, if I might, have a partial reply to a question, I think

it was Gordon Miller's question originally and then from Jim Foulds. But first I want to thank the committee for setting out this schedule because as I mentioned when we started the estimates, with the knowledgeable people on my staff decentralized in far parts of the province it will make it a lot simpler for us and I hope more informative to the committee that we now know when we have to have various people here. We also know when we do not have to have them here, so they can be about their normal duties.

**Mr. Foulds:** "Their master's business", is the biblical phrase.

**Hon. Mr. Auld.** Well, I feel flattered, but it is the people's business.

**Mr. Foulds.** That's who their master is, as public servants.

**Hon. Mr. Auld:** Yesterday morning, in reply to the estimates question, particularly the one by Mr. Foulds, I said that most of our advertising was informational. That is, we advertise in connection with specific projects or events. For example, notices of tenders for tree planting and similar work, job ads, announcements of regulation changes, notices of public meetings for land-use planning or park master planning, and fire prevention and fire emergency advertising.

Another point is that in our decentralized system, most of such advertisements are placed by the district office, or the program branch responsible for the project or the event. Very rarely do we do what might be called general ministry or program advertising that could be classified as promotional. I will describe the few ads that fit into that category in a few minutes.

I hesitate to ask if you can hear at the back, I won't. But I see somebody is nodding. I assume you can hear.

**Mr. Foulds:** You were bashing the mike with your papers, that was the problem.

**Hon. Mr. Auld:** That does not really help.

The Ministry of Natural Resources does not advertise on television because, for our specific advertising, we have not found the

cost of that medium is worth the benefit. Do not interpret that as saying I am against television, it is just that—

**Mr. Wildman:** It's just the advertising on the television.

**Hon. Mr. Auld:** I will move quickly along to radio. We use radio only when we want to cover a wide area quickly, and generally in conjunction with print advertising and news releases.

The only examples that come to mind are some use of paid radio time this summer in the Fort Frances district for cautionary messages during the worst of the forest fire season, and in connection with specific aerial spraying projects, telling people in advance where and when they would take place.

The total advertising budget of the information services branch for 1980-81, the estimates we are dealing with, is earmarked at \$35,000. This is approximately three per cent of the total branch budget of \$1,122,000. To date, only about \$3,000 of that has been spent. This is an estimate because there are, no doubt, a number of invoices that are not yet in. But I am informed there are no \$20,000 or \$30,000 invoices, and we are not expecting any.

8:10 p.m.

**Mr. Foulds:** How many thousand?

**Hon. Mr. Auld:** We have spent, to date, about \$3,000. Many ministry projects have been delayed or cancelled because of the pressures of the fire season, so we are sure the spending for advertising will be much less than the allocated \$35,000. For example, in 1979-80, expenditures for advertising by information services branch totalled only \$20,000; which was a shade over one per cent of last year's budget of \$1,492,000.

**Mr. Wildman:** Why are you secretive?

**Hon. Mr. Auld:** What would you like us to talk about up your way, Bud, that we would like to talk about?

I should explain that in the main, this money is spent by information services branch on advertisements which require special design and production. Examples are ads to be placed in business papers and special issues of newspapers, such as an anniversary edition or a regional edition. The Patricia supplement to the Dryden Observer that we did in 1979-80 is one that comes to mind.

Other advertisements that are strictly of a local nature and of a project or event kind do not require design in production and are arranged by the district with the newspaper concerned.

In those cases, the space rates for the so-called "special ads" are paid by the program branch involved. I am now talking about head office branches as opposed to district offices. For instance, the series of ads announcing public meetings held by the provincial parks council were paid for by the parks and recreational areas branch. Ads to do with angling were paid for by the fisheries branch. Those to do with forest management were paid for by the forest resources branch.

We do not yet have the figures for all the space rates and other costs paid for by other branches and field offices for this year—actually we have, as of late this afternoon, two or three, and I will give them to you in a moment—but in 1979-80, the total advertising expenditures by the rest of the ministry for nonlocal ads totalled about \$86,000.

The amount of information services staff time involved in dealing with advertising is quite small. It is estimated that the supervisor of information and liaison spends, at the most, five per cent of his time planning and arranging the design and production of ads, and one information clerk spends about the same percentage of her time dealing with the processing of such ads. Involvement of others for approval, accounting, et cetera, is negligible.

As to the types of promotional advertisements done by MNR during this fiscal year, I have copies of the ads, and I will mention them briefly. I just have one set of copies.

The first one, "If they are in tune, we are doing our job"; was an information ad put in the Byliner '80, which is the annual yearbook put out by the Toronto Press Club for National Newsweek. It is, by the way, a variation of an earlier ad about resource management that we placed in the Patricia special supplement of the Dryden Observer last year.

The second one, "Now you are going to catch it," promoted angling in Ontario and was published originally in the special district edition of the Elliot Lake Standard, and then in the tourist book of Ontario and in the Ontario Outdoorsman.

The third one, "We care about Ontario's forests," was about our forest regeneration and research program, and the forest management agreements. That was published in the Canadian Forest Industries directory.

Finally, there is the "Minister's Message" in NOTO, the Northern Ontario Tourist Outfitters' monthly magazine. You have copies, I believe, of the first 10 for this year; the others are still in production. As can be seen, I



take the opportunity to get across messages about our programs and services to the out-fitters in this monthly advertisement and the rate we pay helps to support the publication.

We do not have an agreement with any advertising agency. You can see that we do not need such a service. The only agency we deal with is Foster in their function as the government agency of record. I think all members are aware that the government agency of record is a device which permits all government advertising to be bulked together to get the best space rate available in print and the best time rates for radio and television.

On occasion Foster has designed and produced advertisements for MNR. We use a variety of suppliers for that work. We have not used anyone in the current year.

**Mr. Nixon:** Why do we not hear you on the radio, like we hear Welch, Grossman and all those people? I think the ministry is being put down.

**Hon. Mr. Auld:** I just clam up when I have to speak.

**Mr. Nixon:** You could take lessons.

**Mr. Foulds:** He would have to buy so much time to get his message across it would be counterproductive.

**Hon. Mr. Auld:** I do some public service ones about the services of MNR but they are by no means provincewide.

**Mr. Nixon:** They are just around Brockville, are they?

**Hon. Mr. Auld:** They generally seem to—

**Mr. Nixon:** Well, there you are.

**Hon. Mr. Auld:** Although there are not that many people who are up at five on Sunday morning.

**Mr. Nixon:** Just farmers, pretty much.

**Hon. Mr. Auld:** Yes, I suppose.

The figures we have been able to get by today are: For the 1980-81 ad in the Byliner, the design and production cost was done in 1979 and was \$269.42. The same ad was done for the Dryden Observer, so there was no change in design or production costs for this year. The space cost us \$500.

For "Now you are going to catch it," design and production was \$133 and the space was \$683, for a total of \$816.

The ad, "We care about Ontario's forests," for the Canadian Forest Industries directory, was \$1,198 for design and production and the space, \$508, for a total of \$1,706.

For the NOTO monthly messages, design and production was a one-time cost of \$727.80, and the space cost us \$540 a year,

for a total of \$1,267. There are 12 issues a year.

It will take a little time to get the detail from our district offices. I guess the final bit of explanation is that in some cases design and production costs are charged to the main office vote, for work which is done by information services in Toronto in the main office. So that would be covered in this vote. The actual space costs in the field and the district office would be covered in the general administration part of the budget, under the heading of administrative costs for the district and regional offices.

**Mr. Foulds:** If I can interpret what you just told us, you are telling us that the central office budget is relatively minimal, but there may be additional costs, the scope of which we do not yet know, associated with each branch of the ministry, and with the district by regional offices, and that is these latter three categories—branch, district and regional offices—for which the information is not yet forthcoming.

8:20 p.m.

**Hon. Mr. Auld:** If it would be agreeable to the two members who had the question on the Order Paper for us to give you that information—we could reprint this too, if you wish—

**Mr. G. I. Miller:** Do you have a copy put together, Mr. Minister?

**Hon. Mr. Auld:** We do not have it yet. It may take a couple of weeks to get it dug out of 48 or 56 different locations.

**Mr. G. I. Miller:** In other words, Mr. Minister, you are saying you do not have listed a budget for your advertising?

**Hon. Mr. Auld:** We have it for main office, but the advertising that is done in the districts is strictly informational advertising for summer jobs and the sort of things I mentioned. At a guess, if it is more than \$1,000 a district, I would be surprised. It might well be \$400 or \$500.

**Mr. Foulds:** But the thing that concerns me—and I go back to the ads you ran about the spray program in the late summer of 1979—those ads were extensive and relatively expensive. You used radio and newspapers. I am not sure if you used television but I don't think so; I cannot recollect. But that must have come out of somebody's budget.

What I found strange, frankly, for a ministry that does not traditionally advertise in the blatant way that Industry and Tourism does, is that you have suddenly found some money somewhere to do something to protect your position.

**Hon. Mr. Auld:** The aerial spraying public information program in 1979-80 was at a total cost of \$66,000 and that came out of the head office forest resources branch. This is the breakdown: the design and production of the ad campaign and booklet, \$8,800; newspaper space and radio time—there was no television—\$50,500; French translation, \$1,000; booklet printing, \$6,200.

**Mr. Foulds:** How many booklets do you have left?

**Hon. Mr. Auld:** I don't know. How many has the Fahlgren commission, the Royal Commission on the Northern Environment, got left?

**Mr. Foulds:** Don't use that argument. Just because someone else did it worse is not a good form of argument.

**Hon. Mr. Auld:** I could say the same thing about—but I won't.

**Mr. Foulds:** I would be satisfied to leave the question there for the time being, Gordon, provided we get—

**Mr. G. I. Miller:** I figure that it is very straightforward. We have asked for the budget for this year on the advertising. We would like to compare it to last year. I don't think there is anything wrong with that. That is part of the estimates. Are tenders let for the accounts? I think that is part of the estimates.

**Hon. Mr. Auld:** As I said, we have no agency other than the agency of record. No matter what advertising agency does a media program for a ministry, it places the ads through the agency of record. If I can relate it to private industry, Proctor and Gamble, say, have a number of brands of different products—soap, shortening and so on. They probably have four or five different agencies because their products compete one with the other. However, they place all the advertising through one agency so that they get the benefit of the total lineage or columnage. They get the lowest rate on every newspaper because they are able to combine their total advertising expenditure. It is a volume discount. The same thing applies with television and radio time.

The government does this. The reason I know we do it is because we started doing it when I was in Tourism. It saved us something in the order of seven or eight per cent in our space and time costs.

**Mr. G. I. Miller:** So, in other words, you are saying, Mr. Minister, you cannot put that in writing; you cannot give us an accounting of that.

**Mr. Foulds:** Not right now; he's getting it.

**Hon. Mr. Auld:** I can tell you that we have no agency except the agency of record. I cannot tell you exactly how many dollars we spent on each of the districts this year but I will get it. We will put it in the form of an answer to the question on the Order Paper, if that is agreeable.

**Mr. G. I. Miller:** On the Order Paper? The questions that we ask you in the committee? I have never seen the one on the Order Paper; I have not had a look at it. I do not know if it is similar or not.

**Hon. Mr. Auld:** If Mr. Foulds agrees—because it was his question on the Order Paper I think, wasn't it?

**Mr. Foulds:** Originally, yes.

**Hon. Mr. Auld:** If Mr. Foulds agrees, the information that I have given you tonight, plus what will be on the Order Paper, will cover it all.

**Mr. G. I. Miller:** What about the polls and the results of the polls?

**Hon. Mr. Auld:** Did we have a poll this year? There was one about the attitude of the public to the mining industry.

**Dr. Reynolds:** Not in this fiscal year.

**Hon. Mr. Auld:** That was a year ago.

**Mr. Wildman:** Would they have the same results as the mining industry's poll; that the majority of people were in favour of nationalization?

**Dr. Reynolds:** Not completely, although the variation was well within the range of expectation you would really expect to get in such a poll.

**Mr. Wildman:** It certainly is encouraging, isn't it?

**Hon. Mr. Auld:** That's the best answer. I envy you. You are sure you understand that answer.

**Mr. Wildman:** I have an idea of what he said.

**Hon. Mr. Auld:** That was the poll we did a year ago, which you will recall I had a little fun with, because we sent a copy of it around to each of the caucuses. But it was not really written in the form of a best-seller and did not get very much interest. We also said that copies were available at some printing house for \$5 or \$6 if anybody wanted them; and some people did want them. It asked about the general attitude of people in Ontario—I remember it showed quite a difference between the north and the south—was it a benefit to the prov

ince, or was it messing up the atmosphere; that sort of thing.

**Mr. Chairman:** Are there any more questions on item 5?

Item 5 agreed to.

Item 6 agreed to.

On item 7, legal services:

**Mr. Foulds:** Mr. Minister, do I understand correctly from the notes that you prepared for us that all of the legal services are supplied by the Ministry of the Attorney General?

**Hon. Mr. Auld:** Yes.

**Mr. Foulds:** Then, all the legal opinions that you get and all the drafting that is done on your legislation is paid for by the Attorney General's ministry.

**Hon. Mr. Auld:** Right.

**Mr. Foulds:** But the people would be on your staff?

**Dr. Reynolds:** No. We pay for them, but they are employees of the Ministry of the Attorney General.

**Mr. Foulds:** So you transfer a payment to the Attorney General's department.

What is the reason for the increase? Is it just inflationary salaries, or is it additional personnel?

**Hon. Mr. Auld:** Would you answer that, Jim?

**Mr. Keenan:** The Attorney General pays the salaries, wages and benefits of the people who are on the ministry legal services staff and invoices the ministry for that. The item you see there entitled "services" represents the ministry payment for those.

**Mr. Foulds:** I see.

**Mr. Keenan:** So that really represents the salary and benefits increase on the AG's part.  
3:30 p.m.

**Hon. Mr. Auld:** That started some years ago, partly because it meant they move around from ministry to ministry and are promoted, more or less. Someone may be doing a very good job for us. We lose him; he gets promoted and goes to a more senior job when somebody retires in another ministry—that sort of thing.

**Mr. Foulds:** What additional legal costs did you incur because of the Nakina fire business? That must have been an extraordinary cost for you.

**Hon. Mr. Auld:** We had none. That was charged to the Attorney General, I assume.

**Mr. Foulds:** Would he charge that to you?

**Hon. Mr. Auld:** I am informed, no.

**Mr. Keenan:** The costs charged to us represent the costs associated with the legal services staff that reside within the ministry. The cost of advice and services provided from the AG's people and lawyers outside the ministry are not a charge against the ministry. Therefore, the costs in connection with the Nakina fire would be within the estimates and budget of the Attorney General.

**Hon. Mr. Auld:** Just as we are not charged by the Attorney General when we are prosecuting and use the services of the crown attorney in the area. In some cases we prosecute our own charges and in some cases we use the crown attorney.

Item 7 agreed to.

On item 8, audit services:

**Mr. Foulds:** I do not know whether this is the place to bring this up but it is the only place I can think of. In the Ontario Gazette of October 18, 1980, there is regulation 809/80 that has to do with exemptions of the Ministry of Natural Resources to legislation under the Environmental Assessment Act. Who can tell me what that means?

**Hon. Mr. Auld:** It is obviously for some project but there are what are called class exemptions.

**Mr. Foulds:** That is what this appears to be.

**Hon. Mr. Auld:** If I can use a somewhat earthy example, we have a number of parks. If we were building a new comfort station in a new camping area, we would have a class exemption for the type of building, we would have a class exemption for the layout of campsites and that sort of thing. Otherwise, we would require an assessment for every additional expansion of privies in a park or in any public area that we were acquiring.

**Mr. Foulds:** That is what this would appear to be. There is a series of them, actually, that run from regulation 809/80 to 813/80. I wonder if at some point over the next couple of weeks—

**Hon. Mr. Auld:** They would come under land management, probably. That is 809 to 813, inclusive.

**Mr. Foulds:** All right, fine. They all seem to have been made and approved on July 31 and filed on September 29, if that is any help. They were gazetted on October 18, 1980.

Item 8 agreed to.



On item 9, field administration:

**Mr. Riddell:** I have sat here for most of the discussion since this thing started and I listened to some of the comments made by the member for Brant-Oxford-Norfolk (Mr. Nixon). I listened to the minister. I thought at the time he was trying to do an end run around some of the questions asked but I did not say anything. I thought I would wait until I got copies of the rough Hansard and try to read it.

I tried to read what the minister had to say and, when he was responding, it was not off the cuff. You were reading something. I am sure, Mr. Minister, with all due respect, you really did not know what you were reading.

I want to try to find out exactly where we stand on this decentralization program.

**Hon. Mr. Auld:** Do you mean the management improvement plan?

**Mr. Riddell:** The member for Brant-Oxford-Norfolk made reference to the management improvement plan, to the operational review of the Ministry of Natural Resources and to the comptrollership system. You came back with a speech which you read, trying to answer some of his questions and I cannot make it out. I really cannot make out some of the things you are saying here: "When we talk of comptrollership we are really focusing on the accountability system and our organization. We must have a system in place which allows us to plan what we should be doing to set realistic targets for achievement in the given period, to measure our performance against these targets and to make the required corrections to ensure that we meet our targets and accomplish our plans in the most effective and efficient manner."

It sounds good, but I would like it put in layman's language and, in my case, in farmer's language. They reprinted the Bible to make it a little easier to read. All I am asking you to do is to give me some honest answers without having to go back to a prepared text and read it. I want answers to some of these questions.

What control does the central office have over the field staff? That is one of the things I want to know. Does the central office establish priorities or objectives? I have a feeling that, if you do, your priority-setting exercise by what you call your central staff or groups here is weak. I am referring now to groups such as your outdoor recreation group, your forester groups. I think you referred to them as groups within the ministry.

If they set priorities I have a feeling they are weak. I have a feeling the group does not know what the situation is in the field, that there is no information coming in from the field staff and that the main office does not know where the priorities are. There does not seem to be any clear cut statement of objectives by the groups.

What are your lines of communication between the central office and the field staff? What indicators does the central office have to tell if the field staff is carrying out government policy, if indeed there is any government policy?

These are questions I marked down when I went back to these rough copies of Hansard to try to figure out what in hell the minister was talking about and I simply want him to answer some of these questions in plain, ordinary, farmer's language that I can understand.

I was talking about the indicators. Does the minister have a document pertaining to indicators that ties together his objectives? I have a feeling the indicators have little relevance to the objectives.

8:40 p.m.

How easily identifiable is your ability to find information about costs? Do you have to go to the field staff for that information? How much difficulty do you have with accountability? There is some mention made of accountability in that response you gave Mr. Nixon. What kind of information do you get about existing programs already working in the field?

It seems to me someone will come to your field staff and say, "By golly, I have not seen as many deer this year as in past years," and the ministry staff says, "By God, maybe that's right." They are going to have to do something about it. What do they do? They refuse to issue hunting licences. All of a sudden, the deer population builds up and I guess your field staff feels: "By golly, they are getting beyond control. We'd better issue more hunting licences." Who is making this policy? Is it the field staff? Do you people have any strategy or guidelines laid down?

**Mr. W. Newman:** The deer do. You are being facetious.

**Mr. Riddell:** I am not being facetious. There is no way I am being facetious because I have a feeling there is no clear-cut strategy or guidelines laid down by the central office for the field staff. I have a feeling they are going their own way, answering to public concern and not really following any kind of government policy.

because I don't happen to think there is much government policy for them to follow.

You talk about the ministry being the most decentralized ministry in government. You seem proud of that. I want to know what evidence of progress there is with this great decentralization program. Could you, in plain, ordinary, layman's language, answer some of these questions for me?

**Hon. Mr. Auld:** I am putting it sort of as you do, the pre-King James version of the old and new testaments. Since I had the first try, I am going to call on a fellow Anglican to explain in layman's terms—because he is a deputy I know he is a layman—and seriously to give you some examples of how the process works, say in one specific field like forestry.

**Dr. Reynolds:** It would take quite a while to go through the whole organization and I suppose that is not what you want me to do. In response to a request from Mr. Nixon on Tuesday night I supplied to him earlier this evening several documents that set all of this out. I would be glad to supply those to you, too, Mr. Riddell.

**Mr. Riddell:** I have them here and I have talked to Bob Nixon. There is a lot of bureaucratic verbiage in this staff. We have had a chance to look it over.

**Hon. Mr. Auld:** Can I have one little chat? This goes back to Management Board of Cabinet a long time ago in a program that has been called a number of things. It came from business—management by results, his sort of thing.

Everything one does, one writes down and one sees who is doing it and how he is doing it. One looks at it and says it can be done better or there should be so many pieces of paper processed in a certain office to do with certain subjects. It should take so many man-hours to plant trees, so many man-hours to prepare the ground, so many man-hours to get the seeds or the tubers or the sprouts.

One works it all out and says, "This is the target and this is what it ought to cost." Then one, in effect, audits. Reports come in saying how many man-hours were spent, how many trees were planted and how many arrived subsequently.

That, in essence, is the project. The work in any district or any single program may have a number of separate projects in it. At you set all these down and then you audit as you go along. That is what we were talking about in comptrollership. Some-

body is responsible to see that these targets are met. In the case of a district project, the fellow who was primarily responsible was the district manager. In all the districts in the region it is the regional director. But that is perhaps oversimplified.

**Dr. Reynolds:** That is basically the way it works. The work program is laid out annually for every activity we have. Objectives are set, work loads are established and funding is provided for carrying out this work.

At intervals we conduct audits to see that this is happening. Everyone is held accountable for his stewardship. There really is total accountability. It is not a matter of simply pushing the dollars out and saying, "Go and do it," and at the end of the year not being sure why it did not happen or if it happened. We have a total figure for how well things were done, if they were done, where the failures were; and you do fine tuning along the way.

We have made a clear-cut distinction between head office and the field organization. Head office is purely and simply an organization which establishes priorities, sets the ground rules, the standards and the broad operational directives.

The field organization, which operates under two assistant deputy ministers, one for northern Ontario and one for southern Ontario, has no line responsibility to head office at all, except to the deputy minister. They are given their targets, they are given their funds, and they are held accountable for how they do it. I could lay these out in more detail but that is the way it is.

**Mr. Riddell:** What indicators do you have that they are carrying out the program?

**Dr. Reynolds:** The simplest example would be where a hatchery is required to produce X numbers of certain types of fish of certain sizes and for so many dollars. If it fails to do that, in numbers or quality or it runs over, then we know directly. We have an investigation of why this happened.

It may be necessary to adjust targets for various reasons, but we can do this, even with a season such as we have just been through in which the whole ministry was disrupted. People were taken off their normal work to assist in the firefighting. We could adjust targets and then, at the end of the fire season, we knew where we were behind and where the pressure should be applied to bring us back on the target. Right now we are right up to scratch on every single item despite the disruption.

But there is no guesswork about it. It is a management by objectives system. It is a zero-budgeting system. We know what is happening; we know where it is happening; we know who is responsible and there is total accountability.

**Hon. Mr. Auld:** The other thing that is particularly interesting to me—and I was reading some forestry stuff a couple of weeks ago—is that when we started getting into reforestation in a major way almost 20 years ago when the system we had was not actually as good as the one we have now—the same thing applies, only we find it sooner—we found out rather quickly that certain species did not grow, even though people thought they would, in certain parts of the province. The specie would grow if we planted it as a sapling—is that the word? — but it would not grow in some places if it was planted as a seed; in other places it would.

We found out other things in this program that we have been able to improve on because one hatchery did a little experimenting, or one operation did a little experimenting, and they were ahead of the target. That would then work its way back up to the planning and budget group with reports from the various field offices and maybe we would change the policy or refine it in one way or another.

This does not happen quickly, I may say, but this information is gathered and I think we make a lot better use of our mistakes as well as of our successes.

**Mr. Riddell:** Could you provide the committee with priority guidelines as established by the policy and priority committees?

**Hon. Mr. Auld:** In which of our many fields of operation?

**Mr. Riddell:** In any of them, just to prove to us that there are guidelines.

8:50 p.m.

**Dr. Reynolds:** We can certainly give you a work planning guide and all the backup material. It would be a supplementary, if you like, to the broad guidelines which I think you had from Mr. Nixon, to whom I provided them earlier.

What you have there from Mr. Nixon is a statement which was made by the deputy minister on November 24, 1977, which set the present process in place and explained it to all the staff. A copy went out to every member of the staff so everybody would understand it. I am sorry if you feel that it is bureaucratese.

**Mr. Riddell:** You are satisfied that the process is working then? You are satisfied that there are definitely policies or priorities or objectives laid down by the ministry here in Toronto, and that these are communicated to the field staff and the field staff then have some guidelines in order to make their decisions. You are satisfied that the field staff definitely have a clear mandate of what their responsibilities are and that you people have clear indicators as to whether the field staff are carrying out those responsibilities? You are satisfied that this process is working?

**Dr. Reynolds:** Mr. Riddell, I can say yes, unequivocally.

**Mr. Riddell:** Until I learn differently, if I do, that will be the end of that for now.

**Mr. G. I. Miller:** Mr. Chairman, we may be troubled about the question Jack asked, but I also think the question we asked about the advertising is a good example. There should be an advertising budget that is fairly straightforward and I think it should be made available to the opposition. We are making a point of that.

**Hon. Mr. Auld:** And you will get it.

**Mr. G. I. Miller:** Good, but I do not like to hear barracking from the other side when we are trying to make a point.

**Mr. Riddell:** What else do you expect?

**Mr. G. I. Miller:** I guess you have to expect it.

**Mr. Riddell:** It is the nicest job in the world to be a backbench Tory where you do not have to go into this stuff and worry about it.

**Hon. Mr. Auld:** I can tell you a firsthand experience I had some years ago with the Kemptville district office of the then Department of Lands and Forests. There was to be a lake sampling and coarse fish removal program in one of the Rideau lakes, I cannot remember which one; I think it was Sand Lake. I heard about this and I called up the district forester, who has since retired as a matter of fact, and said I thought it would be a great idea if we notified the game and fish clubs around that the pan fish, so called, were being removed and we would have a fish fry. To make sure that not only Tories would be invited I thought it would be a good thing if we put an ad in the paper.

**Mr. McNeil:** You would get all Tories, there is not anything else left.

**Hon. Mr. Auld:** Seriously, it turned out that by the time they got the authority for \$25 from Toronto, the thing had passed, it took that long. The district did not have the



authority. If we were to say that was necessary for every ad, such as the ads that were put in when we closed roads to public transportation in the northwest—I can remember getting phone calls on Saturday night and Sunday from George McCormick, who is sitting in the corner, saying, "We really think we are going to have to close the road into such and such a place because of the fire conditions." It was so dry, the humidity got down to 35 per cent or something—and then we would have to get Mr. Spry out of bed to sign an authorization for \$25 to put an ad in the paper or a radio ad. That would be an extreme case.

All I am doing is taking a long way, I guess, to tell you that is why it takes a little longer to get that kind of specific information because we do not keep it here.

**Mr. G. I. Miller:** We do not want to be unrealistic, but I think it is simple and straightforward. You must have a budget from last year and a budget for this year. Has it increased or has it not increased? Are there any tenders? How does the tendering process work?

We do not want to complicate it, we want to simplify that. We do not want to make more red tape for you. We are just asking some questions the answers to which we think should be worth having, as opposition members. It is as simple as that.

**Hon. Mr. Auld:** And we will get you the answers, but it just takes a little longer.

**Mr. G. I. Miller:** There is one other question in the field administration—

**Dr. Reynolds:** I would like to make one supplementary comment on that, Mr. Miller, that perhaps is worth mentioning to you.

Let us say a hatchery has a responsibility to produce X numbers of fish for Y numbers of dollars. We lay on the district the responsibility for producing those fish for those numbers of dollars. We do not tell them how they are to do it and it may be that they will have to take some of their dollars to advertise, let us say, for additional people to come and help them. That all comes out of that fish production cost.

We would not know in advance, and they probably do not, whether they are going to have to run ads; maybe there is a lot of labour or something.

**Hon. Mr. Auld:** Or when the fish are going to spawn.

**Mr. G. I. Miller:** But they must have a budget in order to have guidelines.

**Dr. Reynolds:** No, they do not. They have a block budget to produce fish. How they do

it, whether it is by hiring people or not, is up to them and they have a responsibility to do it as inexpensively and as efficiently and as effectively as possible. If they choose to use some of it to advertise for additional people or something like that, that is part of the undertaking to produce the result.

**Mr. G. I. Miller:** Do they have to be of a particular political persuasion to get the jobs?

**Hon. Mr. Auld:** Not down our way.

**Mr. G. I. Miller:** I have had one comment made to me since I have been a member, and it was not in regard to your ministry, which indicated that because someone voted for me he was told not to expect to get a job with the ministry. That upset me terribly and I may have stated it before to another minister. Maybe that is the way the system works but that kind of upset me. I do not want to get into that.

I want to ask two other questions. I want to ask a question about fighting forest fires. Has consideration ever been given to using—

**Mr. Foulds:** That is the next vote.

**Mr. G. I. Miller:** No, it is administration, field administration.

**Mr. Foulds:** No.

**Mr. G. I. Miller:** Let me get to it another way.

**Mr. Foulds:** Vote 2502, and you get forest protection.

**Mr. G. I. Miller:** How about field administration for applying for tenders to spray bush? Somebody in my area said he can get jobs in New Brunswick and Nova Scotia. Does that come under this vote?

**Hon. Mr. Auld:** That is the next one.

**Mr. G. I. Miller:** That is field administration.

**Hon. Mr. Auld:** No, you are talking about forest protection; vote 2502, items 2, 3 and 4.

**Mr. G. I. Miller:** I just want to make a couple of comments and then you will not have to deal with it again. Why not use some of the armed forces for fire protection?

**Hon. Mr. Auld:** We did.

**Mr. G. I. Miller:** Did you? Is it a practice? Maybe in a new constitution the armed forces could provide that service across Canada.

**Hon. Mr. Auld:** I do think we are getting a little far afield into the constitution, but actually the armed forces this year did supply service to Ontario, Manitoba, Saskatchewan and Alberta and they were spread pretty thin.

**Mr. W. Newman:** They had to be.

**Mr. G. I. Miller:** I think that is a role they could play.

**Hon. Mr. Auld:** Helicopters and—

**Mr. G. I. Miller:** Give the armed services enough funds.

**Mr. Foulds:** Next question, Gordon.

**Mr. G. I. Miller:** The other one was in regard to contracts for spraying. Does everyone get a fair shot at that?

**Hon. Mr. Auld:** We did two spraying projects, Kirkland Lake and Sioux Lookout—or did we do Sioux Lookout last year? We did not do any this year.

**Dr. Reynolds:** One.

**Hon. Mr. Auld:** We had one this year. We did not spray 2,4D, did we?

**Dr. Reynolds:** We did 2,4-D, but not 2,4, 5-T.

**Hon. Mr. Auld:** That is in the second to last vote. If you want to know, New Brunswick does a lot of spraying for spruce budworm. We have only done one or two so far.

**Dr. Reynolds:** Our policy on spraying is really just to hit areas which are planned for cutting in the next four to five years.

**Mr. G. I. Miller:** The concern I have is a complaint that there was not enough lead time to make a legal tender. He probably should have had an opportunity because he is in that business; that is all I am asking.

**Hon. Mr. Auld:** The people we used were by tender and they were in that business.

**Mr. G. I. Miller:** Okay, I just wanted to bring it to your attention. If he does make an application I think he should be given a fair opportunity of tendering on it. That is all I am asking.

9 p.m.

**Mr. W. Newman:** I would like to ask a question on field administration, the \$8 million vote. Does that include your conservation officers?

**Mr. Keenan:** No, that is fish and wildlife.

**Mr. W. Newman:** Does that mean game wardens?

**Hon. Mr. Auld:** It would be in the recreation part.

**Mr. W. Newman:** My question, coming back to transportation and communication is, why do you have to pay them \$2.6 million when they have over a \$1 billion budget?

**Hon. Mr. Auld:** That includes a lot of leased vehicles for a great variety of things, plus our own vehicles. Can you explain that?

**Mr. Keenan:** There are travelling expenses, relocation expenses, moving expenses of civil servants, expenses of moving office furniture and equipment and cost of transportation of goods. There are mailing costs, postage, registration and communications costs such as telephone, telegram and data communication. They are all part of transportation.

**Mr. W. Newman:** How many unmarked cars do you have in your ministry?

**Hon. Mr. Auld:** There is mine.

**Mr. W. Newman:** Do you have any unmarked cars in your ministry?

**Dr. Reynolds:** I think only the two, the minister's and mine. I do not think we have any others.

**Hon. Mr. Auld:** Except for some leased ones in the summer time which have a decal on the door.

**Mr. W. Newman:** They come under another vote. I realize that, but I wonder how many unmarked cars or normal cars without special licence plates there are.

**Hon. Mr. Auld:** Most if not all of our vehicles are green and white, whether they are passenger or commercial.

**Mr. W. Newman:** If I am poaching, I can see you coming.

**Hon. Mr. Auld:** They do not all have lights on top, but if you were looking carefully you would see us coming.

**Dr. Reynolds:** Perhaps it is worth explaining that in the situation to which Mr. Newman is alluding, the conservation officers may well get authority to hire cars for special situations like that.

In the normal course of events, though, they are marked vehicles. If they are part of our regular fleet they are green and white. In the case of conservation officers' cars and the enforcement groups in the parks they have flashing lights. If they are regular leased vehicles they have big decals on the sides. If special investigations or activities are being undertaken, and this happens from time to time, special dispensation is given to lease cars without markings. Those are not large in number.

**Hon. Mr. Auld:** We use aircraft other than our own, which are somewhat common.

**Mr. Riddell:** What about the boats, are they the same colour?

**Hon. Mr. Auld:** No, they are mostly aluminium.

**Mr. Riddell:** Are they owned or leased?

**Hon. Mr. Auld:** I do not think they are leased.

**Dr. Reynolds:** In the normal course of events, we own the boats we have. We may on occasion lease some from commercial fishermen for special activities or something like that but, in what I would call our normal activities, we own our boats.

**Hon. Mr. Auld:** If we do not, we will have flags on the bows of all of them very shortly.

**Mr. W. Newman:** I will not ask any more questions since we have run out of time for this vote.

**Mr. Wildman:** I have a couple a short questions.

I understand you have set up or renamed one district, the Carleton Place district. Have you combined two districts under that?

**Hon. Mr. Auld:** Yes, it can happen.

**Mr. Wildman:** What districts have you consolidated?

**Hon. Mr. Auld:** The Ottawa office and the Lanark office.

**Mr. Wildman:** What has that meant in terms of savings of staff?

**Hon. Mr. Auld:** About six in the first two years and a total of eight in four years. I think we have 58 or 59 combined in the two and, when transfers and attrition and one thing or other takes place, we will be down to 51 and possibly to 49 a couple of years later. It is a little complicated because some classifications are duplicated.

**Mr. Wildman:** Have you done any studies of that operation, or the Wawa district that now covers White River as well, in terms of additional costs of transportation?

**Hon. Mr. Auld:** I am a little more familiar with this one because I attended a well-attended public meeting in Lanark on Thanksgiving Day. It appeared the transportation cost will probably be about the same there, if not slightly less because the new office is going to be centrally located. Of course, there are a lot of road systems. I know what you are referring to. There is no road system in the area that is being covered.

There are some real estate savings as well, because the conservation authority, I think, is going to go into the premises we own in Lanark and there were some lease problems coming up in the Ottawa area. It seems to me the saving looked to be about \$275,000 maximum. I have not got the breakdown but some of that, of course, was salary.

I did not expect that particular question. I can give you the details and this will not take long. At the present time Lanark and

Ottawa are two of the smallest districts in the province. One is 1,274 square miles and the other is 1,149 square miles. There are only two in the province that are smaller. They are both in southwestern Ontario.

The average size of districts in southern Ontario is about 2,240 square miles. The size of this new district will be 2,421 square miles. The overhead of the district office is much the same whether the area it serves is 1,000 or 10,000 square miles. The finance and administration office pays heating, building, maintenance, telephone, telex and so on.

The approximate overhead cost, exclusive of salaries, is \$45,000 for a district office. The redundant staff of the amalgamation has been fixed at six. At the present salaries, this amounts to approximately \$140,000. Even at a seven per cent a year increase in salaries, this will climb at approximately \$10,000 a year.

The facilities in Ottawa are made up of portable buildings and trailers. It was planned for a number of years to move into more suitable leased space and money was approved for 1979 for this leased space. The approximate requirements were 11,500 square feet and, estimating at \$7 a square foot, this is approximately \$70,000.

The Mississippi Valley Conservation Authority has requested money for new office space for a number of years. The estimated cost will be about \$300,000, of which the MNR share will be approximately \$200,000. The money diverted from the proposed Ottawa office space to the amalgamated Lanark and Ottawa office in Carleton Place should be adequate for space in Carleton Place.

Depending on whether the Mississippi CA takes the Lanark office and how the Ministry of Government Services arrangements are made, it should not cost the government a dollar. The trailers in Ottawa will be moved to Kenora. Research on the Lake Ontario assessment unit facilities has required extra office space, so we will not have to spend any more money in Kenora.

9:10 p.m.

The responsibilities the staff has to look after, interestingly enough, make Carleton Place better than either Ottawa or Lanark for work in areas that are under federal aid, Woodlands Improvement Act agreements; the forest agreements we have with the counties; the regeneration, tending, site preparation and tree marking for crown land and private land; and a variety of other things such as fur management. We are going to have access for fur sealing on



furs taken north of Lanark. The parks are as accessible from Carleton Place as from the other areas. We have looked into it thoroughly.

**Mr. Wildman:** Apparently, all that is in relation to the consolidation, or shall I say the centralization, of your decentralized ministry operations in the Wawa-White River area? Have you done any studies on the follow-up of what that has meant in cost?

It has been in operation under Wawa for about a year? Has it saved you money, has it worked out to about the same cost or has it cost you more?

**Hon. Mr. Auld:** I do not have any figures in front of me.

**Dr. Reynolds:** Mr. Wildman, it is a little early to have any useful data. The staff adjustments are still being made. There is still quite a bit of commuting and that sort of thing. I think, in fairness, it is going to be at least another year before we would have figures that have any great meaning.

**Mr. Wildman:** Is it going to be another year before you are able to determine whether you are going to be able to dispose of your buildings?

**Dr. Reynolds:** Dispose of what?

**Mr. Wildman:** The buildings you have in White River that are now vacant.

**Dr. Reynolds:** Those are now in the hands of Government Services. They own the structures and are looking after the disposal of them.

**Hon. Mr. Auld:** We could give you a good deal on another riding office.

**Mr. Wildman:** White River is not exactly central.

Item 9 agreed to.

Vote 2501 agreed to.

On vote 2502, land management program:

**Mr. G. I. Miller:** We have been looking at the erosion along Lake Erie. I think we had a bill in the House yesterday in regard to lakeshore funding and, on the Monday of this week, the Minister of Intergovernmental Affairs (Mr. Wells) met with our region's mayors and the regional chairman to discuss the erosion problem in that part of Ontario along Lake Erie.

I was wondering, Mr. Minister, if any work is being done through your ministry in conjunction with the Ministry of Intergovernmental Affairs to provide some guidance on the management of the waterfront.

I know it is impossible to wall the lakes around all the Great Lakes, that is an impossibility, but there are some areas that are

more valuable than others, where there is real estate, for example, in Port Dover or along the Scarborough Bluffs here in Toronto, which need protecting and could be protected. It has been proved they can be protected. Another example would be between Port Stanley and Long Point, where there is a tremendous erosion problem of several metres a year.

I guess they have used various programs over the years on an individual basis to try to protect against loss of that good agricultural land. There has never been any co-ordinated effort put into it. There have been a lot of studies made on it. I think we had a federal study, a technical report which dates back to October 1975, called the Canada Ontario Great Lakes Shore Damage Survey. It was done in co-operation with the federal government and your ministry.

I think there was a later one than that, which zeroed in on Lake Erie. The federal Small Craft Harbours program on Lake Erie: The Socio-economic Need for the Program and its Potential for Success. It was put out in May 1978 by Fisheries and Environment Canada. As you read the report I think there was considerable input from the Ministry of Natural Resources in co-operation with the International Joint Commission on the overall effects of the Great Lakes pollution and clean-up program.

Getting back to the example of this one particular farmer. He owns sand hills in Norfolk township. He spent \$15,000 of his own money last year putting groynes out laterally to the shoreline. He received a grant of \$1,500 from the capital program of the Ministry of Agriculture and Food, I believe, and he was able to take advantage of that money. He was able to buy cement blocks of about two to three tons, and cement that could be utilized. The cement company poured it in forms, and he was able to buy these at a very reasonable price.

The biggest problem was trucking the blocks down to the site. I think he put 400 of these blocks in about 15 groynes, and he did it in the winter through the ice. It seems to be doing the job. I had pictures of it, but I gave them to the Minister of Intergovernmental Affairs the other day to show what had been done. They are doing this with their own money, \$15,000, and that would be protecting, I suppose, the width of a 100-acre farm. It was probably 100 acres at one point in time.

It is not a huge expenditure, but if it is going to be done in order to be successful I think the whole area would have to be done

in a co-ordinated manner. I know a lot of people are going to say it is impossible to stop the erosion but I say we may control it.

Once we get right back to the road, which in some areas is getting mighty close, the government will come up with a plan of funding on an 80-20 basis, 80 per cent by the province and 20 per cent by the municipality, and they can carry out that program quite successfully and do a good job in many cases. But if a private landowner is trying to protect his own property and it is not up against the road, he has to borrow the money, up to \$20,000 at eight per cent.

He is doing two things. He is protecting his property and he is protecting the road also. It is probably beyond his financial means and he is maybe not doing it the way it should be done.

I know your ministry has done many studies on it; they can always use figures to prove anything, but I think there is a need, not to wall the lakes completely but in the areas where the value is it makes common sense to do it. I wonder if the minister might want to make some comments on it.

Before he does though, I would like to bring up another matter as far as the Great Lakes are concerned. I guess the question has been asked before, and I do not know whether there is a clear-cut answer or not. Is it possible to control the water level in Lake Erie?

2:20 p.m.

Mr. W. Newman: Yes, by God.

Mr. G. I. Miller: I think the level is extremely high at the present time and there is some indication they keep it high because we have the Nanticoke generating station here and it is better for the commercial boats bringing in coal. Stelco has their dock and it is on the seaway. But I think these charts indicate it is as high as it has ever been, or almost to that stage. It is considerably higher than average.

I wonder if there is any possibility of controlling it. I realize there would have to be strong input from the ministry because on the American side it probably would have to be done through the International Joint Commission because the water does not only belong to us, it is shared between the two countries.

Again, the water coming out of Lake Superior can be controlled. The report of the International Joint Commission, the annual report of 1977, says on page six:

"The Great Lakes' fluctuating water levels were of continuing concern to many individuals and groups along the Great Lakes

throughout 1977. Lower than normal rainfall on the Lake Superior basin in the first half of the year resulted in the steady decline in water supplies available to the lake. By June, the level of Lake Superior was about six inches below the long-term 1900-1976 average; and the outflow was reduced to 55,000 cubic feet per second, the minimum that can be authorized under the plan of regulation. Lake Michigan and Lake Huron, while still above average long-term levels, were 24 inches below the level that prevailed a year earlier.

"However, autumn weather changed the situation considerably. Because of high water supply on Lake Superior, the commission's international Lake Superior board of control directed in late October that all gates of the compensating works be opened. Gate changes were made in the increment over a period of several days so that the water levels in the lower St. Marys River did not change too abruptly. The outflow averaged about 115,000 cubic feet per second.

"Lake Superior reached its highest level in 1977 of 601.4 feet. At the usual time of October, even with the increased outflow, it was expected the winter outflow would have to be maintained near the maximum allowable 85,000 cubic feet per second."

I think that indicates it is controlled by the supply coming out of Lake Superior.

Mr. Foulds: Most of that water evaporates before it hits Lake Erie.

Mr. G. I. Miller: I don't think it does.

Mr. Foulds: Read the rest of the report.

Mr. G. I. Miller: You could be right, Jim. I'm not going to say. The question I am getting around to is that I think at Chicago they take out water that can be diverted there. There are some other areas, at the lower end of Lake Erie, around from Detroit—

Hon. Mr. Auld: The Erie barge canal?

Mr. G. I. Miller: No, down at the far end, to Toledo, in that area.

Hon. Mr. Auld: It works its way eventually to the Susquehanna and on down?

Mr. G. I. Miller: I guess what I am saying is, is there any possibility that it can be controlled to any extent? I realize we need shipping, but when it is a foot or two above normal its dispersion is much greater. Is there any possibility of controlling it to keep it at a slightly lower level?

Hon. Mr. Auld: To give you a fast answer at the beginning rather than the end, it is possible it has a lot of other effects. Can I give you just a short history?

Do you remember the very high water in 1973-74? There was a lot of damage. That was the time when Ontario and the feds—at that time it was Environment and Fisheries of Canada and the Ontario Ministry of Natural Resources—and there was a shore damage survey and general study. As you mentioned, the study concluded that generally the costs of shore protection for the erodable shore are greater than the value of the land. It was, therefore, agreed that the construction of shore protection all the way around was not economically sound.

The seven recommendations of that report focus on reducing property damage by controlling development around particularly hazardous areas. The principal recommendations of that report were “to define and delineate hazard lands; to develop coastal zone management policies for incorporation into the regulatory planning framework”—and that is the land-use planning part—“to develop methods for evaluating shoreland management alternatives”—there are various ways you might deal with it; in some cases, protection, I assume and, in some cases, prohibition—“to develop a shoreland management land-use simulation model; to undertake a public awareness program to inform people of the hazards of building near the shore”—and you probably have seen that—

Mr. G. I. Miller: Yes.

Hon. Mr. Auld: —“to provide general planning and engineering advice for flood and erosion control measures; and to monitor what is happening to the shore.”

There has been a federal-provincial co-ordinating task force that has been directing the follow-up programs to implement those recommendations. Here are the programs completed up to now: The development of the shoreline monitoring program; the distribution of hazard-land mapping to the municipalities and conservation authorities; the preparation of that booklet I just raised, *Shore Property Hazards*, to inform the public about the hazards in the different areas on the Great Lakes' shores—there has been a continuing public-awareness program—and a shore-management guide for the preparation of shore-management plans by municipalities and conservation authorities is scheduled for release in spring, 1981.

In general, governments have never been in a position to guarantee protection from erosion and flooding along the Great Lakes, but the underlying policy of both the federal and provincial governments is that the responsibility for the protection of private shore property against erosion or flooding rests

with the individual property owner. As you pointed out, assistance is available in the form of low-interest loans under the Shoreline Property Assistance Act which was passed, I guess, in 1974 or 1975. I know it had some application in the St. Lawrence River at the northeast end of Lake Ontario in my riding.

Mr. G. I. Miller: Are they done by the municipality or by the individuals?

Hon. Mr. Auld: The money is made available to the municipality which administers the program.

Mr. G. I. Miller: So it is done in conjunction. Do you have any programs where the municipality does it to protect the roads? Is it that serious?

Hon. Mr. Auld: I will come to that through the conservation authorities. You were talking about the Scarborough Bluffs. That is how that has been done and how some other things have been done.

The Shoreline Property Assistance Act is administered by the Ministry of Intergovernmental Affairs, as you mentioned, and is made available to the municipalities, as I have just said.

An International Joint Commission study is presently under way to investigate whether it is practical—and this is why I said I was giving the short answer first—to reduce shore erosion and flood damage by lowering the high water levels of Lake Erie by constructing regulatory works in the Niagara River at Buffalo. The preliminary findings of that study established this is not economically justifiable because of the costs of the regulatory works, coupled with the projected losses to navigation and power generation. Those are the other two. The higher the head, the more power generated both on the US and Canadian sides at Niagara. Of course, the higher the level—because Lake Erie is relatively shallow—the greater the quantity of goods that can pass through by ship. The draught in the seaway is 27 feet, but in Lake Erie there is a lot of short-run stuff that does not go through the St. Lawrence.

9:30 p.m.

A series of public meetings in the United States and Canada were scheduled. The first one was on October 28, and they will run through November 6. If you are interested, I have the schedule of the public meetings. The preliminary study results I just synthesized will be presented at those public meetings.

I do not know if I should take up the time, Mr. Chairman, to read the whole re-



sult. But Tony Clarke, who is the executive co-ordinator of the lands and waters group in the ministry, is here, as is Tom Kurtz, who is acting director of the conservation authorities branch. They might have something to add.

Before that: You mentioned the Scarborough Bluffs. The Metro conservation authority has responsibility for the shoreline, basically from Frenchman Bay on the east to—

**Mr. Kurtz:** To the Credit River.

**Mr. G. I. Miller:** What is the area?

**Hon. Mr. Auld:** The Metropolitan Toronto and Region Conservation Authority controls the shoreline from Frenchman Creek, which is—just east of Whitby?

**Mr. Kurtz:** In the area of Whitby. I am not sure of the exact location.

**Hon. Mr. Auld:** I have been in there but only from the water, so I am not sure.

Then it goes to a little bit east of the Credit River, where the Credit Valley Conservation Authority takes over, right down to the Hamilton authority.

**Mr. Kurtz:** The Credit River is part of the original waterfront plan. There are two separate parts in the Metropolitan area.

**Mr. G. I. Miller:** How many miles would that be—40, from Whitby to Port Credit?

**Mr. Kurtz:** I think it is more in the order of 30.

**Mr. G. I. Miller:** Of shoreline?

**Mr. Kurtz:** Yes.

**Hon. Mr. Auld:** I cannot tell you how much money has been put in those projects. I know it has been a benefit, because a lot of the basic fill is material that was excavated from downtown Toronto for tall buildings and has been put there at no cost to the authority. The authority's cost was for labouring.

**Mr. G. I. Miller:** Can I interrupt you here? That is the point I want to make, because we are a changing area and we are going to have some excess dirt and fill. As a matter of fact we have some fill at the present time. They are doing away with the old tobacco kilns. They have the foundations, which they utilized at Turkey Point to build—

**Hon. Mr. Auld:** They are using that as armouring, aren't they?

**Mr. G. I. Miller:** They are using it to protect the marina. It extends into the water about 300 yards. They are pumping the sand out of the channel and reclaiming it. It is a beautiful job. They can get access into the

marina now. But that brings up another point—

**Hon. Mr. Auld:** You say "they." Who is "they"?

**Mr. G. I. Miller:** The owner. It's not the ministry. I asked your ministry. At the time of the lower Great Lakes day-use recreation access study, which was back in 1975, there was funding for providing and protecting marinas.

**Hon. Mr. Auld:** The federal small craft harbours program?

**Mr. G. I. Miller:** Yes. You had a fund too, but you took the funding away and there is no money available there now. There is a copy of a letter signed by you, dated August 23, 1978.

But I am getting away from the point I want to make. They are doing it here in Toronto with their excess dirt. We are going to have excess dirt there. The Minister of Intergovernmental Affairs has put in about \$800,000, I think, in the last five years. I do not think there has been any other money spent on it. Although that is quite a bit of money, it is a fairly minimal sum for what you are trying to do.

I think there should be some co-ordination through the Long Point Conservation Authority. They have never up to this time tackled it; they think it is too big a job. But they have done it in Toronto, and that is why I am trying to co-ordinate it with the region. I think your ministry could play a role too, perhaps through the conservation authority.

I realize it has to start at the bottom; they have to request it. But your ministry could give some leadership in providing that service to that area.

**Hon. Mr. Auld:** As I mentioned in the opening statement, the majority of the conservation authorities are appointees of the municipality.

**Mr. G. I. Miller:** As a member of Long Point since 1965 I understand where the control is, but maybe some direction has to come from the top. Maybe you could use it as a pilot project.

The farmer I am telling you about spent \$15,000 of his own money. It would be worthwhile watching. Maybe it is going to have to be upgraded every few years, and perhaps it could be extended further along the shoreline.

The road is going to disappear in a few years; it is going to have to be moved. That is going to cost everyone money. Maybe we

can come up with a co-ordinated plan now. This may be the time to make a beginning.

**Hon. Mr. Auld:** Gordon, I do not think the authorities cover every mile of the shoreline in Lake Erie, do they?

**Mr. Kurtz:** The authorities cover almost all of the erodable shoreline of southern Ontario. There are a couple of very small gaps.

**Hon. Mr. Auld:** The vehicle is available to do it. If it is important, and it certainly sounds important to me, it seems to me it would be very simple to get the authority to make it a priority. But that is not to say we will have the money if they all decide they want to do it tomorrow.

**Mr. G. I. Miller:** It is not going to happen tomorrow, Mr. Minister. You and I both know that. But there has to be some encouragement to start. You start small and expand.

There is another example. It was done, not by the authority but by the region, the former county of Haldimand, now the region of Haldimand-Norfolk, on a funding basis of 80-20. As I suggested before, the province picks up the funding. It is under a different program, the Great Lakes shore damage survey follow-up programs.

They have protected about 10 miles by putting out rock as a buffer zone for about 25 or 30 feet from shore to break up the waves. They have protected the roads and their shore that way.

Nanticoke generating station reclaimed 75 acres of property in front of their site and protected another mile, perhaps, of shoreline. The outer basin of Port Dover harbour has been reclaimed and the bank protected as well.

I think this is something that could be encouraged from the top of your ministry through the authority. Port Burwell is just one example. Keep an eye on that and see if it is possible to expand that program.

**Hon. Mr. Auld:** The first two objectives of conservation authorities are to reduce or prevent flood damage and control erosion. That is what they were set up to do. The machinery is there.

**Mr. G. I. Miller:** May I suggest that you not just leave it at the request stage, that you take it and look at it?

**Hon. Mr. Auld:** I would be glad to send your comments along to the chairman of the authority.

**Mr. G. I. Miller:** I think it would have more effect if your next year's advertising

budget could cover radio and print announcements so there would be something they could both see and hear.

**Hon. Mr. Auld:** Some people may get pretty excited if we do not tell them until next spring.

9:40 p.m.

**Mr. G. I. Miller:** Okay, I will leave it at that.

That brings me to your letter of August 23, 1978, to Mayor George Dmetriuc of the city of Nanticoke, in which you say: "The Great Lakes access program you mentioned is not operational at this time due to financial restraints. There was a substantial response to this program when it was introduced in 1975. Fifty-two out of 200 municipalities contacted wished to participate. However, we reluctantly withdrew funding because of other high priority demands on available funds."

"I have sent a copy of the Port Dover harbour development study to fisheries branch and have asked them to provide you with their comments. Within the Ministry of Natural Resources fisheries branch is responsible for liaison with the federal small craft harbours plan."

That was to extend the development of the eastern basin to protect against erosion problems along the bank. There is a fairly high density residential area there, as well as cottages, roads, a school and a Ministry of the Environment sewage disposal plant. There is quite a bit of investment there which eventually is going to be in jeopardy. I think funding should be made available there. I think the feds have indicated they would provide funding if we could match it from the province.

**Mr. Foulds:** I will believe that when I see it.

**Mr. G. I. Miller:** They have already made the statement. They have already done considerable work in expanding their park, and this year they just finished expanding the Port Dover harbour. So I think there is some funding.

**Mr. Foulds:** Before Tuesday's budget.

**Hon. Mr. Auld:** I am not aware of any federal program. Perhaps Tony or Tom could comment.

**Mr. Kurtz:** There are a couple of things that might make it appear as if you are getting into an erosion control program through the federal government. One is the small craft harbours program. When they develop a harbour they often put in asso-

ciated protective works, mainly to keep the channel into the harbour open. As a result, they protect other facilities as well.

The other thing is that if you can demonstrate that the shoreline has been unduly damaged by navigation on the Great Lakes, Public Works Canada will participate. I think it depends on the degree of damage as to what percentage they will participate.

Those are the only two programs I am aware of at the federal level that would get you into erosion protection.

**Mr. G. I. Miller:** A group of farmers from the Port Burwell area have a case in court now because of the extension of the break wall in Port Burwell. Do you think it is better to spend money on lawyers trying to fight something when it could be utilized on something constructive that would last down the years and protect our farmers' investments?

If you have a 100-acre farm along there and can see it steadily eroding, so that three years from now you may not have a farm, I think there is some concern. To do it on an individual basis is impossible. I say there could be a program established at not too great a cost.

There is always the excuse that funding is impossible. I say it is not impossible. The case of one farmer spending \$15,000 to protect his farm may be well worth looking at. I think you could maybe come up with a different program. All I am asking, Mr. Minister, is that you look at it and come up with a co-ordinated program to give some protection.

**Hon. Mr. Auld:** As I said, the authorities are on the spot and have the expertise, or can get it.

**Mr. G. I. Miller:** And it is then referred back to you.

**Hon. Mr. Auld:** I will pass along your comments and see what I get back.

**Mr. Kurtz:** Mr. Minister, the report you will be prepared to release next spring on shoreline planning is aimed at conservation authorities and municipalities and will direct them towards a co-ordinated program of more protection and planning. So you have taken that first step.

**Mr. Foulds:** I wonder if I could beg the committee's indulgence and move to fire protection for a few moments; I must leave by 10 o'clock. I would like to deal briefly and thoroughly with that matter and I am sure the minister will reply in kind.

I would like to get some comments from ministry personnel with regard to the forest

fire season this past year in these areas. First, there is the question of surveillance because some questions have been raised with me about whether the new system of aircraft surveillance and the grid system that is used is as effective as the old fire tower system. I think there are pros and cons that are debated in that and I would like a brief summary.

I would also like a reaction to the criteria used when you finally do close a highway or road during the fire season by issuing a travel ban. I had some correspondence with Mr. McCormick about this.

To be honest, I only had three or four complaints, which is relatively small when one considers the impact the season had on people in the northwest, but there was some feeling, by cottagers in particular, that there was some discrimination when the travel ban was lifted in favour of people who were tourists going to commercial outfitters and so on.

I can understand the criteria the ministry used because there is an economic factor in terms of job creation associated with the tourist outfitter or cabin.

**Hon. Mr. Auld:** And the probable supervision by that outfitter of his guests.

**Mr. Foulds:** Nevertheless the result is discrimination against the cottager or what tends to be the local populace.

**Hon. Mr. Auld:** Could we deal with them in order? Or I am going to forget which ones—

**Mr. Foulds:** Then let us deal with them one at a time.

**Hon. Mr. Auld:** Let us deal with the first one.

Bill Forman, the deputy director from Sault Ste. Marie, is here. Will you deal with the question of surveillance, Bill?

**Mr. Forman:** For many years we had towers in the province. Several years ago we phased out the towers. There were a number of factors relating to this. Cost was probably the primary reason, the availability of towermen was another reason, and the more sophisticated information required to carry out an efficient detection system was another. With a tower one uses triangulation and sees smoke, but that is about all the information one can receive by that means, whereas with detection by aerial means, one can get a fix on a fire and can get additional information with regard to fuels, water availability and other factors that will assist a decision from the fire centre as to how that



fire should be handled with regard to resources.

**Mr. Foulds:** Does that mean you have to have a fleet constantly in the air during the heavy fire season?

**Mr. Forman:** That is not true.

**Mr. Foulds:** That is not the case?

**Mr. Forman:** That is right.

**Mr. Foulds:** Would not a combination of both make some sense?

You say one factor against towers is the availability of personnel. I find that difficult to believe in these days of high unemployment although the isolation may be a factor.

**Mr. Forman:** The old towerman type is a thing of the past.

9:50 p.m.

**Mr. Foulds:** You refer to cost. It seems to me that flying aircraft would be more expensive. I would like a rationale for that.

**Mr. Forman:** Our costs with regard to maintaining towers in isolated areas included the cost of operating aircraft that traditionally had to serve those towers.

**Mr. Foulds:** I suppose the main point is, how do you avoid a hit and miss approach to fire detection when using aircraft surveillance? Do you do regular reconnaissance?

**Mr. Forman:** Detection is planned in terms of weather patterns, anticipated fire incidents and historical times of fires. For example, one does not run an aerial detection early in the morning and late at night; it is usually done when fires show up, so it will depend on the fire indices, whether you have one, two or three a day, that type of thing.

**Mr. Foulds:** Do you establish a grid system that you patrol according to your fire indices?

**Mr. Forman:** As well as fire indices there is visibility, in terms of what one can see from either side. The grid systems or the patrol routes are pre-planned from information from districts that is fed to the region. The region co-ordinates the aerial detection in each region and responds to the districts' requirements.

**Hon. Mr. Auld:** In the northwest, with the radio detection of lightning strikes, I guess you have a pretty good idea where to look first.

**Mr. Forman:** Now you mention it, development has been going on for the last three years with regard to a lightning locator system, in the northwestern region. This is a system that detects cloud to ground lightning and also gives maps as to location and intensity. We hope it will become operational

in the northwest this summer and spread to the north-central region in the next two to three years. This information will be used in air detection to patrol the areas with the highest intensity of lightning.

**Mr. Foulds:** The second question I had was your determination of when to establish a travel ban. Whose responsibility is that?

**Hon. Mr. Auld:** The minister is the one who puts it on and takes it off. Probably the chain of command is the assistant deputy minister or the regional director. We had some discussion from time to time as the season progressed because I was in the area quite frequently.

As to the changing conditions and the concerns of the economy, there are both the people who are cutting—the industry—and the tourist industry and the local residents to be considered. It is a value judgement. My instructions were to err on the side of a ban half a day before it might be necessary rather than half a day after. Frankly, I was more concerned about the hazard to life than to property. Other than that, I think it comes as a series of decisions.

**Mr. Foulds:** When you finally imposed it, what were the factors that led you to the imposition?

**Hon. Mr. Auld:** The recommendation of the senior staff in the area.

**Mr. Foulds:** What were the factors they took into account?

**Hon. Mr. Auld:** You had better ask George McCormick who was at that time director of the northwestern region. Mr. McCormick is now the assistant deputy minister in northern Ontario and was, for about half the fire season, regional director in the northwest.

**Mr. McCormick:** In answer to Mr. Foulds' question, the burning conditions in terms of the various indices tell us pretty clearly what we can expect in fire occurrences. Last year, we had a heavy number of lightning strikes and we knew the organization was under strain in terms of resources.

The first objective in closing an area to travel is to lower the incidence of fires and reduce the risk of man-caused fires. A decision to close down activity in a forest area in a region like northwestern Ontario, where a large part of the economic activity is related to the forest and to mining, is taken with a great deal of seriousness.

Nevertheless, this year the conditions were that serious and we closed the area right down. What I think is concerning you, Mr. Foulds, is when we began to relax the restrictions on travel. This is even more

difficult for a fire manager or a senior person in the organization. It is easy, in one sense, to say, "Panic; we will shut the area down," and it is easy to be super-conservative and say, "We will wait until the rain comes before we release travel." The logging industry was hurting in terms of lost wages and the tourist operators really are small businessmen who, I expect, have cash flow problems.

Mr. Foulds: They were fairly vocal about that.

Mr. McCormick: Everyone was vocal. The telephone was ringing all the time, to be perfectly frank.

Hon. Mr. Auld: The long distance phone was ringing.

Mr. McCormick: As we saw the burning conditions were easing somewhat and we were not getting the same number of lighting fires, though the major fires were still burning, we thought in certain areas we could relax this restriction somewhat. In our judgement, we thought we should move in terms of relaxing this restriction for people who derived their daily income there, whether it be a logger, a bait fisherman or whatever.

Yes, you are correct. It discriminated against the cottager and the general recreationist somewhat. As you have identified, there were surprisingly few complaints because, generally speaking, I think people accepted it.

Hon. Mr. Auld: Can I make an interjection here? I have heard from NOTOA in particular—and I want to put it in here because I think it should be in the text—that the information program the Ministry of Industry and Tourism mounted as to fire-risk reduction in certain areas brought almost immediate results.

While the first part of the season was very difficult for some of the operators, some, not all, say they picked up the difference in the latter half. I think Industry and Tourism deserves a great deal of credit for getting on the ball so quickly and getting the information through. That is just a plug for Industry and Tourism.

Mr. Wildman: They plug themselves.

Hon. Mr. Auld: No, sometimes not everybody hears it

Mr. Foulds: There are four or five areas I would like to touch on. Obviously, I do not have the time. I might come back to it next day if this vote is still open. You expect a report by tomorrow, I gather, from the special review committee you set up.

I p.m.

Dr. Reynolds: It will be another two or three weeks, I think. That is the best estimate they have been able to give us for whenever it will be.

Hon. Mr. Auld: Yes, that was the original target. But again a lot of the people on that committee were busy.

Mr. Foulds: You mean that report will not be submitted to you by tomorrow?

Dr. Reynolds: No, I think two to three weeks is our latest estimate of when they will have it in our hands.

Mr. Foulds: It is a pity it will not be here before these estimates are completed. Because I think you have identified what I want to emphasize, which is the very serious problem you have when your firefighting is organized the way this government organizes it. And I do not fault the actual implementation of the program at all, but it does drain your other resources so much when you have such a very difficult fire season, that the other activities of the ministry, with the best will in the world, do suffer.

From what I am able to learn, you have done a remarkable recovery job, but that is what you have to do. It seems to me that maybe there is some value in looking at a combination system, the one we have in place for Ontario together with some adaptation of the Quebec system, where I gather the companies take up far more of the responsibility for fighting fires than we do in this province.

Hon. Mr. Auld: I am not sure whether we officially agreed, but there was some general agreement in talking to members of the committee previously that we could deal with items 2, 3 and 4 together. So, you will have an opportunity to pursue that.

It just happens I have had some information as recently as Monday. The deputy minister was briefly in Quebec and spent some time en route discussing some of their operations with one of their ministers, and he will be reporting on some of the differences. We will get into this further I expect, on Tuesday and I would like to give you a report of the resources we have used.

We have come to certain conclusions ourselves in expediting some things. Some are already under way. I will not take the time to discuss them at the moment, because I think that would be more appropriate at the next meeting.

Mr. Foulds: I would like some response to the charge that is being made—not a charge, that is too strong a word—but the claim that is made about the large cut-over areas and

leaving the slash. For example, Thunder Bay 46 was started by the ministry doing regeneration in a cut-over area where there was heavy slash, and that itself is a contributing factor to some of the forest fires.

What steps can be taken, in the future at least, to avoid that man-made contribution to fire danger?

**Hon. Mr. Auld:** Bill, would you like to tackle that one?

**Mr. Forman:** Mr. Chairman, there is no question that when a fire starts, it gains momentum more rapidly in slash. I believe under the conditions of 1980 the situation was such that it really made little difference once the fire was started whether there was slash or green timber.

Probably the most desirable situation, I agree, would be strip cutting or this type of thing that is carried on in the bush, which would possibly contribute to semi-fireproofing the bush, rather than having slash and reforestation in a very solid monoculture. There is no question that would help to fireproof partially.

However, if there is slash there is obviously logging, so there is access. So it has some advantages. Also, if you had a situation such as we have had in 1980, fires at night will quieten down quicker in slash than in timber, so it may be beneficial from that point of view.

**Mr. Foulds:** That is all for now. Thank you.

**Mr. W. Newman:** I would like to come back to item 1, when we were talking about the Great Lakes and the high water and the groynes and all the problems we have had. I guess it goes back almost to the time of pre-St. Lawrence Seaway, if I recall correctly. Maybe the minister will recall we had problems with high water in all the Great Lakes.

**Hon. Mr. Auld:** In Lake Ontario it was blamed on the Gut dam.

**Mr. W. Newman:** I would like to ask a few questions on that of you or some of your staff.

If my understanding is correct, 1980 has been a very high moisture level year and that water has drained into the Great Lakes basin. I do not know the exact figures, but it is above a normal rainfall situation. The first question is—and I will follow through on some others—how long does it take the water from Lake Superior to move down through the Great Lakes out in the St. Lawrence River, and what are the effects down river at Montreal?

The second question is: Does the dam at Cornwall, the Moses-Saunders dam down there, have any major control when you get into a high water-level mark in all the Great Lakes? I guess what I am really saying is, when there is a dam controlling the water for hydro purposes, but if all the gates are open and when nature takes its course, I understand the cubic feet of water going through that dam is more than was normally there prior to the beginning of that dam.

I come back to my basic question, that in the Great Lakes' high water problem we face—because believe me, my riding used to be on Lake Ontario so I have some knowledge of the conditions when the water was up—do we have any major control on the Great Lakes to control water levels when we go into a very wet season?

**Hon. Mr. Auld:** I have answers for all those questions, but I am not sure they are correct.

I can tell you that after all that rain this summer in southern Ontario, two weeks ago when I hit a shoal, Lake Ontario was six inches above chart data, which is very low for this time of year. And I haven't got the bill for that yet either. The gradient from here to Kingston is only two or three inches.

Tom Kurtz can tell you, it takes a couple of years at least for water to get from Lake Superior down.

**Mr. Kurtz:** It takes years for the flow of water out of Lake Superior to have any effect on Lake Ontario. About 60 per cent of that effect is felt within a period of two to three years.

In terms of anything you do on the lakes the effect is small. As you correctly pointed out, the changes in the system due to natural inputs can have a much greater effect than anything that man has done to control the lakes. Lake Ontario, perhaps, has the greatest level of control. As you also pointed out, the St. Lawrence Seaway system that was put in has now enabled man to reduce the level of fluctuation on the Great Lakes from a total range in the order of eight feet down to approximately four feet.

Under today's conditions of high supplies, rather than having a level on Lake Ontario in the order of 246 feet above sea level, it would be, under natural conditions, about 249; in other words, three feet higher than it is today. So you can understand what kind of effect the St. Lawrence Seaway has had on the levels of Lake Ontario.

10:10 p.m.

Of course, on Lake Erie there is essentially no control. We have the Welland Canal



which provides a little bit of an outlet but, essentially, it has no effect on Lake Erie.

Lake Superior, at the head of the system, has some effect, as I think Mr. Miller pointed out, but the amount we can control the supply in relation to, say, the Lake Ontario outflows, is relatively small at Lake Superior. You might be able to vary the outflow in the order of 20,000 to 25,000 cubic feet per second, whereas the outflow at Cornwall averages in the order of 250,000 cubic feet per second, and during high supplies you're almost up to 400,000 cubic feet per second. So you can appreciate that what you do at Lake Superior will not have a great effect on the levels of Lake Ontario.

There are diversions into and out of the system. There is one at Long Lake and there is one on the Ogoki system, which comes in through Lake Nipigon. They average about 3,000 cubic feet per second. They have been temporarily shut off in the past during periods of high supplies to the Great Lakes. They were shut off by Ontario Hydro. Of course, this meant a very significant economic loss to Ontario Hydro, which would be even greater today at the cost of energy.

There is a diversion from the lakes at Chicago, which is about 3,200 cubic feet per second. There is another small diversion from Lake Erie just into the Niagara River, which goes into the Erie Canal. Then, of course, that is considered to be a diversion is the Welland Canal.

There is also an International Joint Commission study concerning diversions, and also that we call consumptive use; in other words, the amount of water taken out of the lake that is not returned to the lake through processes such as cooling water, for hydro development, human consumption, irrigation water and things like that.

You might be interested to know that in the 50-year time horizon this study is looking at, the consumptive uses will increase from a present amount of about 5,000 cubic feet per second to 25,000 cubic feet per second. If the regulation plan on Lake Ontario were not changed, over a long period of time, the average level of Lake Ontario would drop by six feet. Of course, we would automatically change the regulation plan, but it shows the kind of effect the industrial development in the Great Lakes basin will have in the planning horizon we are looking at.

Mr. W. Newman: May I ask a further question? Really what I am somewhat concerned about for those living on the Lake Ontario basin is that when the water comes to people feel they are all man-made prob-

lems, because of the dams, controls, diversions, shut-offs or whatever they may be.

My basic question is: With all the controls that are there—dams, taking it off, not returning it to the lake—and everything that is involved, we have very little control if we get into a heavy rain situation on the Great Lakes system. Is that a fair statement?

Mr. Kurtz: That is correct, yes.

Mr. W. Newman: If we are dealing with vote 2502—and I think we passed a motion that we would deal with it tonight until 10:30 and that would be the end of it—coming down to the conservation authorities, which is item 8—because of the time I would like to ask a couple of questions on that.

I am concerned about the Metropolitan Toronto region waterfront plan. I guess the total plan runs from Ajax through to Port Credit or wherever it goes, which I think is a very ambitious, very progressive, and good idea. I would like to know at this point where does this plan stand? What is happening? How much land has been bought? Where is it going? When is it going to be completed? What are your ultimate plans for it?

Those are broad, brush-stroke questions, I realize that, but maybe we could have some basic idea of where we are going on this great Metropolitan region waterfront plan that was announced, I guess, 10 years ago.

Hon. Mr. Auld: I think it has been announced in stages. That is a pretty big order to give you in detail. Tom, can you have a go at that?

Mr. Kurtz: The Metropolitan Toronto and Region Conservation Authority is now implementing a waterfront plan which was originally commissioned by the municipality of Metropolitan Toronto as a waterfront plan. I believe in the order of \$42 million has been spent to date on the plan.

It involves the provision of recreational facilities along the shoreline and the protection of those recreational facilities by armouring. Mainly it provides for human access from the shoreline and boat access from the lake. I do not know whether you want to get into all the details of exactly what they have done.

Mr. W. Newman: I will get specific then. Suppose I owned a home along the lakefront that is part of the waterfront development plan, and I know because of announcements that were made 10 years ago that eventually my home and my property are going to be part of the waterfront development plan. The conservation authority does not have a policy of expropriation except on very rare occa-

sions, but I know that my home and my property is eventually going to belong to the conservation authority. I am sorry you asked me for a specific question, because I am going to give you one.

I know that if I want to sell that home to somebody else, yes, they can buy it and the conservation authority will not interfere with the sale of that property. But I know, as the owner, that I can never get for my property what it is really worth because some day the conservation authority is going to own it.

The conservation authority say they are going to buy that land some day. It does not matter when; it might be 20 years down the road. But that puts me, as a willing seller to a willing buyer, in a very difficult position as far as my home is concerned on that particular property.

My specific point is, I think that is in effect expropriation by an agency and that I have no say over what is going to happen. I am concerned. It is a concern that has been expressed to me by a lot of people about that waterfront plan.

The thing is, they want a willing seller and a willing buyer. If it was not for the threat that the conservation authority was going to own that land eventually, that piece of property would be a lot more valuable. It would mean I could have a home on Lake Ontario with a nice sandy beach today, knowing it is mine or my children's forever and a day or whenever it may be in the future. That would add more value to it. But the value has been diminished because the conservation authority is going to buy it.

**Hon. Mr. Auld:** Bill, it may have been diminished in some people's eyes, but as you yourself said, the authority announced it some years ago. We can all remember the legitimate outcry from people who said, "Our land has been designated." This was mainly flood plain before all the dams were built. The designation in effect sterilized the property.

As I recall, the province and the authority stepped up their acquisition. They went to people and set priorities to acquire the land people would not buy because they said, "We know the authority is going to buy it."

I think that was the time the authority said: "For nonurgent, the nonflood-plainland—the land that is not required for capital projects for flood and erosion control—we would like to acquire, we have a long-term plan. If you and your children, your grandchildren, your great-grandchildren or anyone else wants to inhabit it, we will buy it if you come to us—

if we can agree on a price and have the money in our budget—but we will not come and take it away from you."

In some people's minds that might diminish the price they would pay, but it seems to me that there are other people who would say: "I don't really care what happens after I die. I know I can buy it and live there during my lifetime, assuming I can pay the taxes and so on.

10:20 p.m.

Although it may not be ideal, I cannot think of anything fairer to accomplish our long-term objective, even if part of it is never accomplished. According to the policy which has been indicated, which is the same policy we have announced as far as the Niagara Escarpment is concerned, it is obviously impossible and probably undesirable to acquire it all at once anyway.

**Mr. W. Newman:** Mr. Minister, I guess I am, in a way, criticizing the policy.

Let me put this question to you. Supposing a young person who is a sincere boating enthusiast wants to buy a place on a waterfront lot which is part of the overall Metropolitan waterfront plan, but in the back of his mind he knows some day the conservation authority is going to own it—they have not expropriated yet, except in the odd case, I appreciate that. Will that not deter him? He knows eventually the conservation authority is going to own it. Does that not detract from the value of the land?

**Mr. Wildman:** He could buy an island.

**Mr. W. Newman:** Have you got an island in Lake Ontario near Toronto? Let me know.

**Mr. Wildman:** Toronto Island.

**Hon. Mr. Auld:** That is the place to be because the rent is so low.

It might deter some people. If I were that young person—

**Mr. Wildman:** I was going to use you as an example, Mr. Minister, because I know you are a boating enthusiast.

**Hon. Mr. Auld:** If I were that 59-year-old person who was moving to Toronto—perish the thought—from Brockville, where I did live on the river, and I found a property could afford that the conservation authority would like to have some day, I think I would buy it. I would not stay there any longer than I was alive, I do not think. I believe there are health laws that prevent that. Certainly there would be for people downwind.

I can see that some people might feel that they were adversely affected but I do not think they really are that much.

**Mr. W. Newman:** That is quite true, Mr. Minister; except that I went through my riding and I know the feeling of some of the people who live there, although it has worked out very well. I must say the conservation authorities, to which you just give something like \$37 million each year, are doing a good job. I am not criticizing the plan; I am just pointing out some of the concerns that have been brought to my attention over a period of time.

**Hon. Mr. Auld:** At least we know about it.

**Mr. W. Newman:** I could pursue it further but I won't.

**Mr. Wildman:** Mr. Chairman, could you give me some direction? Are we dealing with a particular item under this vote, or are we dealing with it item by item? I realize we had said we were going to deal with items 3, 3 and 4 together, but are we passing item 3 first and then dealing with 3 and 4, or can we refer to any one we like?

**Mr. Chairman:** That is what Mr. Foulds suggested and I thought it was accepted by the committee.

**Hon. Mr. Auld:** Let us not do it for the rest of this vote for the next few hours. It is in the committee's hands, of course. I think we did get off the track.

**Mr. Chairman:** Is there any more discussion?

**Mr. Wildman:** I have a short question on item 1. Can you tell me, is it fair to characterize the attitude of the Ministry of Natural Resources in terms of water control to be generally against dams?

**Hon. Mr. Auld:** I have nothing against dams in either the water control or the agricultural end.

**Mr. Wildman:** The impression I have, very time, as you know, Mr. Minister—

**Hon. Mr. Auld:** Seriously, I would say this: very time one builds a dam one has to maintain it and operate it, so it would be my first choice if there were several solutions to a problem.

**Mr. Wildman:** There are a number of dams in our area that are under the control and ownership of the ministry which have not been maintained. That is one reason we ran into some serious flooding problems. I realize it was just one of the reasons, that there are some heavy rainfall and so on, they are related in the past.

It seems to me in the many meetings I attended with ministry officials as a result of the flooding we had last year in our area, very time anyone raised a suggestion it

might be an idea to put up a dam in a certain place, the engineer, whether he be from the region or wherever, always started giving all kinds of reasons why it was not a good idea to build a dam, usually not getting to the point that they might not have enough money to maintain the darned thing if they built it. They say "Once you build a dam you build up water behind it and the thing can break and then you have a worse flood."

Each time that was raised I pointed out I had a good friend who lived in a place called the Netherlands where most of the country seems to exist behind a lot of dams and, obviously, they do not have the same prejudice against dams. What is the reason the engineers think so differently in a place like the Netherlands as opposed to Ontario? Is it just because they do not have so much room and have to go out into the sea or what?

**Hon. Mr. Auld:** They cannot go south and they cannot go east and they cannot go west and they cannot go up and, in fact, they are having some trouble with drainage with the latest area they have dammed. I was there last summer, not for that purpose, but I heard about it. However, I will ask our expert, Mr. Kurtz.

**Mr. Kurtz:** There are some fundamental differences. There is the one you just pointed out, that they cannot go anywhere so they have to have dams to have any land at all. The other point is the one I was trying to make about the Great Lakes, that many of our river systems do not respond well to small dam situations.

I think the one you were referring to last year was the Mississauga situation. There are some dam facilities on that river system.

**Mr. Wildman:** There is the White River, too.

**Mr. Kurtz:** Yes. There are some facilities in that area that provide some control. That control is in the hands of Ontario Hydro right now. There are some small dams in the system which, in terms of the kinds of flooding we had last year, basically have no effect whatsoever. We could debate that point for a while.

At one time in the conservation authorities program, I think it was popular to build dams for the sake of building dams, or at least that is what a lot of people have accused the program of doing, but we do look closely at what a dam can achieve from many aspects—recreational, water levels, flood control, water supply, no-flow augmentation to control pollution, all of those kinds of things. We try to assess whether the com-



munity would be better off in a total sense from the building of a dam or not. This gets one into the Environmental Assessment Act and all the things considered in that process.

Although it may be perceived at the moment that the Ministry of Natural Resources is not in favour of dams, that merely results from a total analysis of what a particular dam might do. We are not against dams. In fact, we are now co-operating with the Minister of Energy and Ontario Hydro to assess the potential for existing dams and perhaps future dams in Ontario for power development. I think we are trying to look at it in a comprehensive way rather than a narrow sense.

**Mr. Wildman:** Is it unfair for me then to conclude that what you are willing to look at is a dam that will produce revenue but not one that will hold back water and not produce revenue?

**Mr. Kurtz:** When I said a total look at whether or not the dam is beneficial, we try to bring everything down to a common denominator in terms of dollars, but that does not mean they are necessarily revenue producing. It may be prevention of damage to a building or it may be prevention of loss of life on which one cannot put a dollar value. One has to try to bring that in as a subjective judgement in one's decision.

10:30 p.m.

It is not always for economic factors such as power development, or navigation or things which merely benefit a company. It is most often, particularly through the conser-

vation authorities' program, almost strictly related to property protection and protection of lives.

**Mr. Wildman:** As you probably know there has been a suggestion that the Whitman dam might be rebuilt on the Goulais River and that might effect substantial savings in what eventually had to be paid out by the provincial treasury for compensation for flooding.

**Hon. Mr. Auld:** Did you say the Goulais?

**Mr. Wildman:** The Whitman dam is an old dam that is no longer a dam.

**Hon. Mr. Auld:** Is that not the one where there are problems downstream because of siltation and stuff like that?

**Mr. Wildman:** Yes. That involves the federal government. They have an interesting policy, Mr. Minister. Whenever one suggests they should dredge out a river flowing into Lake Superior or Lake Huron, they point out there is no use dredging out that river because in a couple of years it will all be silted up again anyway and they will have to dredge it out again. So they never dredge it.

The last time they dredged any of those rivers, I understand, was in the late 1940s. They lasted for almost 20 years without people demanding dredging but, now when one asks for dredging, they say, "Well, we can't do that because it will need to be dredged again." It is an interesting point to say, "It needs dredging and it will need more dredging, so let's not do any dredging." It is an interesting policy.

The committee adjourned at 10:32 p.m.

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**from the Ministry of Natural Resources:**  
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 Keenan, J. W., Assistant Deputy Minister, Administration  
 Kurtz, T. M., Acting Director, Conservation Authorities and Water Management  
 McCormick, G. A., Assistant Deputy Minister, Northern Ontario  
 Reynolds, Dr. J. K., Deputy Minister







No. R-40

# **Legislature of Ontario Debates**

## **Official Report (Hansard)**

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**Fourth Session, 31st Parliament**

Tuesday, November 4, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, NOVEMBER 4, 1980

The committee met at 7:10 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2502, land management program:

**Mr. Chairman:** I will call the meeting to order. All groups are represented. I think Mr. Wildman had the floor last.

**Mr. Wildman:** Mr. Chairman, in the lead-off and subsequent to that, the minister responded to questions that were raised regarding the hiring of extra firefighters in the northwest. We have had correspondence about that.

What, if anything, has the ministry done since the concerns were raised in the northwest by representatives of the Indian bands who are attempting to resolve the difficulties, which I do not mean to imply were only on one side or the other, that seem to have arisen over the need for extra firefighters and the desire on the part of some Indian bands to ensure that qualified people who were looking for work in their areas were hired? Has anything been followed up?

**Hon. Mr. Auld:** My recollection is it was just the one band, the Islington band. I think I went on at some length to delineate the numbers of native peoples as best we can judge who were engaged in fire suppression for the rest of the summer. I am not aware of any specific further approach that has been made at Islington as yet, although there may have been one. We intend as usual to be in touch with the bands in the early part of the season to see if there are people who want to make their names available.

I do not know of anything that has been done since the end of the fire season as far as that single incident is concerned. There is a mediation program going on with that band and one of the things that might come up may be that very subject.

7:10 p.m.

**Mr. Wildman:** But you have not had any discussions on that since that time?

**Hon. Mr. Auld:** No. Our mediator, Mr. Burgar, is aware of that situation.

**Mr. T. P. Reid:** As we all have, I have a little problem being three or four places at once, so I may have missed some of what went on before.

In regard to forest protection, we have already heard that a little over 1.3 million acres were burned and it cost the taxpayers in direct costs something like \$46 million. I had a question on the Notice Paper about some of the figures which were preliminary, in the sense that I had the question on the Notice Paper in June.

I must say at the outset I am very concerned about what happened in this fire season. I am concerned about the way the fires were handled, about the amount of burn there was and about the cost. I would ask you that a review be done of the whole fire season that is just over. I certainly am not asking for a royal commission or any independent commission at this point. But in view of the more than a million acres that were burned, the \$46 million that was spent, and the loss of merchantable timber, it seems to me that your ministry should be taking a hard look at a number of areas I would like to delineate.

First of all, in regard to the readiness of your forest protection branch, we heard earlier in your opening remarks that some equipment was moved from northeastern to northwestern Ontario. It seems to me from what I saw that the ministry was not prepared for a fire season as severe as we had. The warning signals were there in what was happening in Saskatchewan and Alberta. We knew there was a low water table and that because of the relatively low level of snow the bush was very dry. One of the things that concerns me is how ready your ministry was to deal with the fire season just passed.

The question has been raised by Mr. Nixon, Mr. Wildman, and presumably others, about just who was involved in fighting the



fires. There was correspondence read into the record that there were Indian bands prepared to become involved in this. The forest companies have expressed some concern. The timber companies have expressed some concern that they were not called upon. There has been some concern that the expertise and knowledge of people in the area was not called upon.

I am concerned about the amount of money that was spent on helicopters often standing by for long periods of time. I realize these things are difficult sometimes to judge. But we were bringing helicopters, as I understand it, from as far away as California, while some of the local services in northern Ontario, primarily fixed-wing aircraft, sat at their bases. There were a lot of aircraft—I should not say a lot, but certainly some aircraft were on standby duty. They were not involved particularly in the fires but presumably were standing by—for what function I am not really aware—whether to fly the minister over so that he could see what was going on or to take supplies in or take people out. I am not sure, but it is part of our function here to know about the amount of money we are being asked to vote, where it is going and where it has gone.

I would like to know whose decision it was to bring in all these helicopters. I am told they were more efficient than fixed-wing aircraft, or presumed to be more efficient, in fighting fires. They are certainly a hell of a lot more expensive. Local operators who were hurt by the sudden end of their tourist season, or a good part of it, were sitting there without their props turning, while we were importing people to assist from all over North America. I can appreciate the situation when the fires were at their peak, but I have had letters from tourists, camp owners, tourist operators and even local people complaining about the treatment they received from some of the ministry personnel. I can appreciate that times were tough and tempers were frayed. I am just outlining all these problems to provide evidence of why I think the whole matter has to be looked into.

I am concerned that some relatively small fires that might have been contained seemed to get away. I am concerned that there are rumours floating around—in one case I have some personal knowledge—that some of the fires might have been set inadvertently by Natural Resources personnel or tree planters, people under supervision who are responsible

to the Ministry of Natural Resources. I am concerned about the funds that were expended in the manpower programs and the overtime that was paid. I am just not sure when I mention these that there was a strict management control on what was going on.

There are a lot of questions that have to be asked. I think the ministry and the minister should direct that there be an internal review that should be made public. It should be presented to the Legislature and presented to this committee so that we can be assured the ministry was prepared and that the whole operation was carried out with the utmost efficiency and scrupulousness.

From what I have been told and received from across northern Ontario, this is not necessarily the case. I do not say these things lightly. I think a lot of people did a very difficult job very well. But these questions have been raised with me, not only by my constituents but by people from across northern Ontario. Given that it was probably the worst fire season we have had in 35 or 40 years, I think it is incumbent upon you as minister to ask your people some of these questions and get some answers. With all respect, the nice things you have said in your opening remarks, which we expect you to say, do not really adequately cover the topic. Before I go on to anything else, I wonder if I could have a response from the minister on that.

**Hon. Mr. Auld:** Did you see the short slide presentation which indicated the conditions?

**Mr. T. P. Reid:** Yes, I did.

**Hon. Mr. Auld:** You asked about a review. There are two reviews going on. One is an internal review on Thunder Bay 46. It has been part of the practice of the ministry for a number of years where there have been major fires to look at them in detail to see what, if anything, could be done differently to improve our efforts and make them more effective and less costly and to examine all the various factors that are involved.

I suppose one of the reasons we are doing 46 is it was the last of the big ones. We had everybody literally that had any experience or training working on fires for part of that time. So it just was not possible to start a review of that fire as one should, I am told, as soon as possible after it has been suppressed because we had other ones to deal with, or we had the threat of other ones to deal with, because of the weather conditions and the general position.

7:20 p.m.

I also appointed on August 21 a task force, which we call the Hughes committee, to review fire management policies and operations in Ontario and to gather relevant information. The terms of reference of the task force are to provide a concise assessment of Ontario's forest fire control policies, strategies and overall operations relating to the 1980 fire season from a North American perspective. The assessment briefly covers the adequacy of the province's fire organization, planning and preparedness, the allocation of resources relative to risk and values, training standards, mobility of resources, multi-fire occurrence strategy, use of aircraft and water bombing.

In its review of the values at risk, the task force required information on ministry management policies, strategies reflecting lands, forests, waters, recreation, tourism, wildlife, trapping, fisheries, parks and other developments. This announcement was made public to encourage people to come forward.

**Mr. T. P. Reid:** This is the first I have heard of it.

**Mr. Foulds:** When was it formed?

**Hon. Mr. Auld:** August 21 was when I made the announcement. I heard it on the radio a few times that weekend.

**Mr. Foulds:** The press release is dated August 12.

**Hon. Mr. Auld:** Sorry, it was August 12. We put an ad in a number of newspapers on August 21.

**Mr. T. P. Reid:** And when do you expect—

**Hon. Mr. Auld:** Just a minute until I finish. They wanted available information on the significance of forest-based industries on a provincial and local basis in terms of value of production and employment generated. They want also to discuss the biophysical impacts of fire and provincial practices for estimating socioeconomic benefits of fire on those resource values and the impacts of community evacuation.

The important thing is the team. The first member is Mr. Stanley Hughes, who was head of the Alberta forest protection service for 10 years; John MacTavish, a forest management consultant who served as Deputy Minister of Lands and Forests for Nova Scotia from 1973 to 1979; and Carl Wilson, who is a member of the North American fire study group and a former consultant for the United Nations and US Forest Service. Those gentlemen are to make their report directly to the minister and that report will be made public.

**Mr. T. P. Reid:** You mentioned another report as well.

**Hon. Mr. Auld:** We are doing a board of review, which is ministry policy which we discussed briefly in the estimates last year, on Thunder Bay 46. These are a regular practice. We do not do them on every fire, but we do them on major fires. The general practice is to have people from other regions take the major part of the review.

**Mr. T. P. Reid:** Will both that review and the Hughes report be made public?

**Hon. Mr. Auld:** Yes.

**Mr. Foulds:** I wonder if you could give us a time frame on that. We were just discussing this briefly in the last session. The information I had from a news story was that the Hughes report was to be completed by the end of October and you were pushing that deadline back by two more weeks.

**Hon. Mr. Auld:** I think I said I was expecting it, but the deputy minister corrected me and said I had not yet been made aware of the fact that it was delayed. He said it was going to be about another three or four weeks.

**Dr. Reynolds:** I think from the best we know of their timetable it will be about two to three weeks.

**Mr. Foulds:** I think Mr. Reid's anxiety and mine would be that such reports should be completed at the earliest possible opportunity and presented in the Legislature so there could be some discussion of them while the House is still sitting.

**Hon. Mr. Auld:** I think I said at the time I set it up, if you wanted the information, it would be a public report.

**Mr. T. P. Reid:** I have two other comments on that. I hope part of that review—and I think you mentioned it—would involve the use of the Indian people who live in the area and also of the forest industries.

**Hon. Mr. Auld:** The extent of the involvement of native people this past summer in the northwestern and the north central regions of the ministry is as follows: Approximately 5,720 extra firefighters were hired during the 1980 fire season, of whom approximately 2,745 or 48 per cent were native persons as best we can tell. In the northwestern region, the total number was 3,825, of whom 2,105 or 55 per cent were native persons; in the north central region, the total number hired was 1,895 or whom 640 or 34 per cent were native persons. In northwestern Ontario, exclusive of Thunder Bay, the total

population is 109,400, of whom 15,160 or an estimated 14 per cent are native persons.

As far as the use of forest industry personnel is concerned, briefly, fires occurring on company operations are usually discovered by staff of the company and an initial attack is undertaken by them, utilizing equipment they require under the Forest Fires Protection Act. Usually these fires become the responsibility of the Ministry of National Resources with support provided by company personnel. They are used in all phases of fire operations from fire line to support, depending on the degree of training and experience they have. There is a subnote here that says company personnel excel in areas of equipment operations. They are sometimes, as you know better than I, very important. The most significant use of company personnel was in the Thunder Bay district where on four major fires a total of 400 men from Great Lakes Forest Products Limited and Abitibi Provincial Paper were used, playing major roles in all areas of suppression and support services.

Each spring our staff conducts voluntary training sessions in the use of fire equipment maintained by companies, with emphasis on fires the companies might encounter on their own operations. Some of the larger companies conduct their own training, as you know. Actually, very little was done this past spring in conjunction with companies because our people were involved so early in fire suppression themselves they were not available to do that.

You may also recall towards the end of June or early July we were able to borrow some US Forest Service people to come over and help us train additional emergency firefighters, because so many of our own personnel were involved. I do not think one figure has been used before, but it is rather interesting and a statistic of which ministry personnel can be very proud. We have about 4,300 permanent staff and at the peak something in the order of 1,600 of those, plus about another 400 casuals, were fighting fires in the north.

I know in the Brockville district office, which has about 12 people normally, there were only three people. There are four telephone lines there. They had a little trouble when people called to ask where the conservation officer was. He might have been up fighting a fire. I ran into a couple at Kenora 26 from the north end of my riding. People from all over southern Ontario were working in the north at the peak period.

7:30 p.m.

Bill Forman is the deputy director of the fire service. There were a number of comments about aircraft suitability for different kinds of uses and other matters of firefighting technique, training, personnel and so on. Perhaps he could cover those items.

**Mr. Forman:** Mr. Chairman, I recall one remark with regard to the use of ministry aircraft or the hiring of private aircraft while there were ministry aircraft at the dock. Perhaps I could explain that at the time we are experiencing live fires the priority in this order is to have initial attack in place to attack new fires so that small fires can't get large. That is the number one priority. In our MNR aircraft, our primary use for initial attack is with our integral float bombing systems. That is the reason you may have heard that private aircraft were in there engaged in the large fires, whereas the ministry aircraft were sitting at the dock. Initial attack is their role.

**Hon. Mr. Auld:** Mr. Reid mentioned the difference between fixed-wing and helicopter. There are some major differences there that Mr. Forman mentioned previously which he might go over again.

**Mr. T. P. Reid:** If it is in Hansard I can read them.

**Mr. Forman:** I did not specifically mention that.

**Hon. Mr. Auld:** Maybe you told me, but you did not tell everybody else.

**Mr. McCormack:** Mr. Chairman, I was at the centre of the questions, being the regional director in the northwest region at that time. Mr. Reid refers to the question of the ministry acquiring helicopters from across the country and even as far as California for fire operation, while fixed-wing private aircraft were tied up at the docks.

I had a number of phone calls from concerned flying operators because of this situation. I think the basic question about fire attack and the subsequent style of operation we get into for servicing major fires has to be considered first. The ministry's position at this time is that the helicopter is the most efficient and the most effective platform for delivering resources for initial attack. Once we establish a pattern for initial attack, that usually establishes the pattern for further service on the fire.

I could use a story to explain that situation. In the Dryden district after a severe lightning storm, we had many fires, and Kenora 23 was ongoing. We set up a system



in which we had hired fixed-wing aircraft with crews flying behind storms to pick up lightning strikes and we put crews on those fires as they were picked up right after the storms. This one crew, flying in a fixed-wing aircraft, spotted a fire. As things happened—there are gremlins in every operation—they went to communicate to their district fire centre that they were taking initial action on a fire and the radio went kaffooie.

The fire boss in the aircraft decided he would service the fire. This fire was not too far away from Kenora 23. He went down and put the crew on the lake and he and the crew strung 2,000 feet of hose. When they got to the fire, there had been a helicopter here and the crew had already put out the fire and were packing up.

The significant thing with fixed-wing aircraft and helicopters is their capability to get close to the fire with the power to put out the fire. Once we get into that mode, it is very difficult to change it, although we use a great number of fixed-wing aircraft in servicing and in a transport role, both commercial and ministry aircraft.

**Mr. T. P. Reid:** It may be a contradiction only in my mind, but you or your friend next to you indicated that the ministry aircraft were tied up at the dock because they were the first strike; they were the initial attack. Now you are telling me that helicopters are the initial attack. The two things don't square.

**Mr. McCormack:** They are the initial attack in terms of manpower delivery and initial attack in terms of delivery of water with the ministry's water-bombing system in the aircraft.

**Mr. T. P. Reid:** I will be very interested to see what the costs and the capabilities of these were. Unless I am mistaken, this is probably the most extensive use of helicopters on fires we have had so far.

**Mr. McCormack:** I don't know whether it was the biggest, but it was big.

**Mr. T. P. Reid:** The question one has to ask is, are you planning to increase the number of helicopters MNR has? I guess the minister can answer that.

**Hon. Mr. Auld:** We are going to triple them. We don't have any, permanent.

**Mr. T. P. Reid:** I know you don't; that's why I am asking. Since they seem to be the answer to everything, is MNR going to get into helicopters?

**Hon. Mr. Auld:** It would be based on the experience we have had with helicopters in

fighting fires and, until this year, the availability of them. We still can get them, although they have to come from distances and we can't get them quite as quickly as anticipated. Also, we do not have a year-round use for them.

Helicopters are an expensive machine both to purchase and to maintain. Even with the large numbers of dollars we spend in leasing them, complete with pilots, I can't see us having a great many for some time. We may have a few. But at the moment the things that are on order are two more Twin Otters with good water-bombing capability and good general-use capability.

We are looking at more leasing, and perhaps this might be a time to go into that a little further. But there are no reports or recommendations around that I am aware of about purchasing a significant number of helicopters, large, medium or small.

**Mr. T. P. Reid:** It will be interesting to look at what it did cost the grateful taxpayers to use these aircraft.

**Hon. Mr. Auld:** I think if we make some comparisons—it probably will be done pretty closely in the Thunder Bay review—we will see a number of the things that Mr. McCormack has mentioned. In some cases we can get a crew on the ground with a hose and pump over at the lake so quickly that it is a two- or a three-acre fire rather than a 20-acre fire.

**Mr. McCormack:** Mr. Chairman, if I may, I think one of the important things as far as helicopters are concerned, particularly in a severe fire season such as we had this year where fires moved 22 miles in one afternoon and evening, is that we have the capability to retrieve personnel off the fire line immediately. The helicopter, at least in my experience, except for jumping into the lake or the swamp, is the only means to do that.

**Mr. T. P. Reid:** I am not arguing about the use of them. I just wonder if we should buy some instead of leasing them because they get awful bloody expensive when we are leasing them. Mr. McCormack's comment about the fire line recalls to mind a story, and I will make it brief, when I was fighting a fire when I was a kid last week.

**Hon. Mr. Auld:** I beg your pardon? There is something I missed there.

7:40 p.m.

**Mr. T. P. Reid:** We will let that comment go.

This was in the days when we had no training at all. We had a fire north of Ati-

kokan and my brother, another fellow and I took about 1,000 feet of hose, attached it on the end and sprayed everything in sight until we noticed that the fire was burning 360 degrees around us.

**Hon. Mr. Auld:** There was no place else for you to go.

**Mr. T. P. Reid:** No, there sure as hell was not. We just sprayed back along the hose, dropped the hose and ran like hell, so here we are. That is enough of that.

I would be very interested in seeing this report when it does come out because I think there are improvements that could be made.

**Hon. Mr. Auld:** This might be a good time to talk about what we have been looking at and what is involved in aircraft. I may say, just before I ask Dr. Reynolds to go over this lightly, I was very interested this summer particularly—and it never occurred to me previously when I was up north during fires—to inquire of some of those involved if you had your druthers, what would you rather have, people on the ground with a Wajax pump and some hose or aircraft? Everybody in every case said people on the ground, if you could not have a combination.

I am still more of a neophyte than you are, because I have never had anything but the garden hose on a pile of leaves. There are great limitations to aircraft, and great advantages, but once a fire gets going and is creating its own weather system, it can stay around the fringes. Helicopters can get close and get people in and out, but those fellows are working a lot of overtime.

I hope we never have another experience, but if we do I would be delighted to try to get an aircraft from somewhere else when we are not busy and bring the whole public accounts committee up just to see how the books are being kept by the firelight.

**Mr. T. P. Reid:** The books have not been kept very well, but that is another story.

**Hon. Mr. Auld:** We had the provincial auditor in on a fire.

**Mr. T. P. Reid:** You are still missing a lot of equipment. I have people in my area who are still complaining their equipment has not been returned to them.

**Hon. Mr. Auld:** We lost some. We had some pictures in that slide presentation of bits of aluminum boats. We will always lose some equipment. I would rather lose equipment than people.

**Mr. T. P. Reid:** It disappears.

**Hon. Mr. Auld:** I do not think it is quite like the Second World War. If I can digress for a minute, it was said that if D-Day had been two months later or one ordnance inspection later our quartermaster would have been in jail, because there were an awful lot of things that were lost in battle at about 8:30 on June 6. We do not plan it quite that way.

**Dr. Reynolds:** Mr. Reid, could I just say a little about aircraft? I know it is a controversial point and not well understood and perhaps I will soon display that I do not understand it very well, but it has been a matter of a great deal of consideration within the ministry. You mentioned a number of aspects and, as you know, there are many more.

In terms of our own aircraft ownership, we have a pretty modest fleet but it is designed, as far as possible, to perform a number of tasks. In a ministry such as ours we really do require it to do a number of tasks. Clearly we have to transport people from time to time, we have to do aerial photography, we have to survey forests and floods, count beaver lodges and moose and do quite a number of things.

**Mr. Foulds:** You have laid off two aircraft now.

**Dr. Reynolds:** What we have is a combination of single-engine turbo Beavers. Until the spring, we also had one last remaining piston Beaver, but it has been turned over to the Ontario Science Centre as a memento of those days.

**Mr. T. P. Reid:** The best aircraft ever built in Canada.

**Dr. Reynolds:** Yes. We have single-engine Otters which carry a little more and then we have twin-engine turbo Otters. That fleet of Twin Otters will be increased by two at the beginning of the fire season and, hopefully, by a third before the fire season is out. That will increase our capability considerably. They are good transport aircraft in terms of goods and equipment as well as pumping a respectable amount of water.

I need not remind the committee that operating aircraft is a very expensive operation. We have tried to stay away from single-purpose aircraft which helicopters to a large extent would be. Another aspect of helicopters is that, despite the number of years they have been around, they are still under development. We had helicopters in operation this year which probably would not have been available under any circumstances last

year. Under the development opportunities that Vietnam and other was offered, it has been possible to adapt wartime developments to various elements of peacetime use. We had a couple of helicopters which we rented at about \$2,000 an hour, which is pretty costly, except that their capabilities are so great. They will carry up to 12 people, for example, and are highly versatile, fast, all-weather aircraft.

**Mr. Foulds:** They are not too good in deserts as the results tonight might indicate.

**Dr. Reynolds:** They were not the same machines.

**Mr. Foulds:** That is unfortunate phrasing, if I might say so, Dr. Reynolds, about the opportunities that were afforded by the Vietnam conflict for the development of helicopters. I would hope we would use forest fires as the development opportunity rather than the other way around.

**Dr. Reynolds:** I think this country has a perfectly good reason—on the basis of its own needs and the opportunities for world-wide marketing—to develop a world-scale water bomber.

**Mr. Foulds:** Absolutely.

**Dr. Reynolds:** The Beaver started in that field and the turbo Beaver is the latest in that series. Canadair in Montreal has developed a CL-215 which is a very fine water bomber. It is an amphibious aircraft which delivers a lot of water. Frankly, I feel it needs to be developed further, in its power plant, for example. The engines for that aircraft have not been built since wartime, so increasingly it is relying on parts and spares from wherever there are still a few remaining. Fortunately, there are good quantities, but it is still a 40-year-old engine. It is not energy-efficient and it has other drawbacks. These can all be handled, but serviceability inevitably suffers. For example, if this machine could be adopted to turbine engines, it would fit our fleet, it would aid our serviceability, it would reduce vibration and, therefore, lengthen the overhaul time, not only between engines, but it would increase the service life of instruments.

To overhaul the power plant in a CL-215 today costs between \$60,000 and \$80,000 per engine and it is closer to \$80,000. Quebec is sending aero engines from its CL-215s to France to be serviced which is a very costly business. It is doubtful that it can be done in Canada today. Before Quebec sent them to France, it was sending them to California or Florida. It is possible one firm in Winnipeg

could develop if it could get contracts on a continuing basis. What I am really trying to illustrate here is the developmental aspects of aircraft.

7:50 p.m.

I think we would be ill-advised to invest in single-purpose aircraft, particularly helicopters, at the present time for which we have essentially a seasonal use. We would use them a little out of season, but they are very costly aircraft. Consider that we can operate a turbo Beaver for \$80 an hour, a Twin Otter for \$155 an hour and then run up to helicopters. The lowest figure I have in front of me is \$310 an hour for an H-500 but a Puma, which is the large one, costs \$2,000 an hour, a 212 and 214—those are only numbers, but they are very costly machines. In other words, we can operate for 25 hours with a turbo Beaver for the average cost per hour of the helicopter.

**Hon. Mr. Auld:** And use it year-round.

**Dr. Reynolds:** We can use it totally, with floats in summer and skis in winter or, if need be, put it on wheels. They do not put many on wheels, but it could be done.

The aircraft aspect is a difficult one. It is under much study and I have had a lot of discussion, as recently as a week ago today, with the ministry in Quebec, which is concerned with its arrangements. We do have some arrangements to exchange firefighting equipment. But to get back to the aspects of aircraft, I put this in just to indicate the complexities, and I hope to indicate to you that they are much in our minds and much under study, but the results are not yet at hand.

**Mr. G. I. Miller:** Mr. Chairman, could I ask a supplementary? The other night I asked about the armed forces. Did they play a role in the fire? How do their costs compare, if they did?

**Hon. Mr. Auld:** Mr. Forman, would you like to talk about that? I don't say that too loudly because so far we have not had one.

**Mr. G. I. Miller:** It is interesting. I still think that in emergency situations the armed forces could be utilized to provide a co-ordinating service in Ontario and across Canada. While the province may want to have some for emergencies, they could share those facilities. I think it would be a step forward.

**Hon. Mr. Auld:** We used Hercules.

**Mr. G. I. Miller:** They could play a role which they have not had the chance to do.



**Mr. Forman:** Mr. Chairman, with regard to the armed services, we had a total of six 212s. These are heavy helicopters which were on fire duty, as well as standing by for possible evacuation. We had six Hercules involved at the Red Lake evacuation and two Hercules involved with the evacuation of the Indian village.

**Mr. T. P. Reid:** Could you tell us, first, when you approached the armed forces to participate; and, second, did any of the armed forces participate in actual firefighting as opposed to providing air transport?

**Dr. Reynolds:** I cannot remember exactly the date, Mr. Reid, but we started in quite early. As soon as we had intimations of problems, we began the discussions with them. Of course, they have problems. The Canadian Armed Forces are not a large group and they were being called upon for many other duties as well. They essentially have all of their aircraft committed to one thing or another. It is not as though they sit around at their bases waiting for things to happen. They have training schemes and various other commitments all the time. So they really have to call their machines off training and other activities in order to do this.

We had no basis for complaint but a good deal of approbation as far as the armed forces were concerned. The most spectacular was their provision of large aircraft to evacuate the Red Lake-Balmertown complex.

**Hon. Mr. Auld:** And the portable radar so they could get in and out. We were in Red Lake earlier that evening and we almost did not get in because of the smoke. The wind changed and at the point when we left the decision was still up in the air. What made it possible was—I do not know whether it was the armed forces or Transport Canada—they brought some portable radar in which meant the aircraft could get in and out.

**Dr. Reynolds:** They brought in an entire package—a total blind landing system, which they calibrated for the field and operated in case the fire swung in that direction and they were smoked out and only instrument landing systems had been possible. They brought in an entire communications package. They were totally self-sufficient in every way. I could not be louder in my praise of the organization and the efficiency with which they carried it out.

**Mr. T. P. Reid:** There was no possibility of their actually assisting and fighting the fires, as such, being firefighters?

**Dr. Reynolds:** Not with those aircraft but as Mr. Forman said, we had six of their rotor-wing aircraft on for a very long time. They are not really trained to do many things we might let them do but within their capabilities—and they are very substantial—they performed well, long hours, 10 sweating people. I do not know whether we used them actually to put water on the fire, it was more a transport role, was it not?

**Mr. Forman:** It was. They had water dropping capabilities as well.

**Dr. Reynolds:** That too.

**Mr. T. P. Reid:** Did they use them?

**Mr. Forman:** That is right.

**Mr. T. P. Reid:** To what extent?

**Mr. Forman:** Maybe George could answer that.

**Mr. McCormack:** Our experience with the armed services this year was just tremendous, without going on too much. Real pizzazz in their water dropping operations; it was a tremendous experience for us to work with professionals. It was a reciprocal arrangement because it is the closest thing to war and the warm working environment in that situation was first class.

**Mr. G. I. Miller:** There was no cost to you?

**Hon. Mr. Auld:** There has not been a bill yet.

**Dr. Reynolds:** We have not had a bill. They are certainly entitled to bill us, Mr. Miller, but they have not.

**Mr. G. I. Miller:** I appreciate those views being expressed.

**Mr. T. P. Reid:** Dr. Reynolds, when were they contacted?

**Dr. Reynolds:** I really cannot tell you. I know Mr. Sleeman, who is not with us tonight, told me he had started discussions with them well before we actually had them on board. I was the contact person through the Deputy Minister of National Defence and we set the stage. George indicates he has some more precise information but it was early, as early as we could really expect them to be on hand.

**Mr. McCormack:** Fumbling here quickly, May 24 is the first note I have of the four military 212s arriving in the north central region. I think that is the earliest date.

**Mr. T. P. Reid:** Could I go on? I will not take much more time. I would like to go on to the air service. Under air service, salaries and wages, \$2,275,000—I am presuming that

covers primarily pilots and engineers, is that correct?

Hon. Mr. Auld: Yes.

Mr. T. P. Reid: You may recall that last year I raised the question, very briefly, about the salaries the pilots for the Ministry of Natural Resources were receiving. I think I was given some misinformation at that time inadvertently. I understand since that time some arbitration procedures were carried out in regard to pilot salaries. Does anyone here have the range of salaries for pilots in the MNR air service?

8 p.m.

Hon. Mr. Auld: I do not have it in front of me. They are part of the operations group. There are some 38 or 40 in a group of about 2,000. Arbitration of that group's negotiations for the period beginning January of this year was completed a few weeks ago. My recollection is that the pilots previously had received an increase of about two and a half per cent. I will get the information for you.

Dr. Reynolds: They got two and a half per cent above what was provided for the rest of the bargaining group in which they are located. I have total sympathy for this one, Mr. Reid. I think they are substantially underpaid. But in the union agreement they are part of a very much larger segment that is all bargained for at once. I do not want to be critical of the union representatives but these pilots are a relatively small group in that larger bargaining group and they are just swept along by the much larger numbers.

Mr. T. P. Reid: I appreciate what you are saying and I think that is probably the root cause of why they are not doing so well relatively. I do not have the figures immediately before me, but if I understand correctly, in Quebec, British Columbia, and perhaps even Saskatchewan and Alberta, the pilots in their air service are much better paid. They receive anywhere from \$2,000 to about \$10,000 more than our MNR pilots.

We are all proud of our air service. I recall a few years ago a book was produced on the Department of Lands and Forests and MNR air service and their very proud history. I have had letters from people all across northern Ontario who are in the air service and they are very concerned. The morale seems to be very low. I realize part of this is union negotiation, but I just wonder if the ministry could go some way towards saying these individuals deserve

more than they are getting. I think they are going to lose a lot of very good, experienced pilots who have particular skills that are not easily acquired.

Hon. Mr. Auld: I think it is fair to say we have lost a couple already. I am concerned about it and I have been talking to the Chairman of Management Board of Cabinet (Mr. McCague) about it. He says the difficulty is the category in which they find themselves. You may recall about six years ago that category got a very large increase, quite a bit more than other groups. It includes highway patrolmen, equipment operators and people like that. You are right, we are behind most other provinces, if not all, for comparable skills, and our people have a lot more training than some other jurisdictions. I am hopeful we will find a solution.

Mr. T. P. Reid: Mr. Minister, you say you have approached the chairman of management board. I presume he is looking at the situation?

Hon. Mr. Auld: The chairman of the Civil Service Commission reports to him.

Mr. T. P. Reid: Are you hopeful of a resolution of this?

Hon. Mr. Auld: I am.

Dr. Reynolds: I have had much discussion and much exchange of paper with the chairman of the Civil Service Commission. He really paints a rather bleak picture of the opportunities to do anything about it. He feels, for better or for worse, he is locked into an agreement with the bargaining unit and is loath to make any move to pull a single group out. I can't add anything to what the minister said. We have lost some extremely well-trained, skillful people to higher salaries. I think it is inevitable morale will suffer under these circumstances.

We can't afford to lose these people for any reason. Skilled pilots with float capabilities are—I was almost going to say a dying breed. We may have the largest fleet of float-equipped aircraft in the world at present. They are simply not coming out of the training schools, especially to the standards of skills we require. We are not having any success. I am sorry to sound so pessimistic but I feel quite frustrated in my efforts to do something about it.

Mr. T. P. Reid: Is it simply a union problem—that they have to in some way remove themselves from that bargaining unit?

Dr. Reynolds: In some way they need a louder voice in the councils of war of the union. Numerically it is a very large group.

They are just caught up in the swim and swept along with whatever happens. The two per cent advantage is the only advantage they have.

**Mr. T. P. Reid:** Obviously I am not privy to these kinds of negotiations, but it seems to me if by some circumstance they were able to get two per cent it would be possible for them to get 10 per cent once in a while so that we could at least maintain parity with other provinces. Otherwise, as you have already indicated, we have lost skilled people—people who are not easily replaceable. Is that not possible?

**Dr. Reynolds:** For my part, I continue to do all I can to press for it. At the moment I am a little stuck for further tools to do the pushing, but I don't give up.

**Mr. Foulds:** Mr. Chairman, I hesitate to intervene but we did have some agreement about time limitation. I don't want to use that as a guillotine but if we are going to eat into the next vote—

**Hon. Mr. Auld:** I wonder then if we might do the supplementaries at the same time?

**Mr. Chairman:** There are supplementaries to this vote, 2502—item 3, \$3,638,000 for air service under land management program, and item 4, extra firefighting, \$10 million. I presume that is rental equipment?

**Hon. Mr. Auld:** That is correct. I should tell the committee there will be a couple more. I think the figure is about \$31.33 million.

**Mr. Spry:** And maybe more than that.

**Hon. Mr. Auld:** And salaries to crews and equipment, purchases and write-offs, all the things that are involved in these three—

**Mr. Foulds:** We will have more supplementaries before the House adjourns, I assume, because there will be more bills in.

**Mr. Nixon:** What for?

**Mr. Foulds:** Because all the bills for the extra firefighters aren't there.

**Mr. Nixon:** Were those fires in June?

**Hon. Mr. Auld:** And July.

**Mr. Foulds:** And a few in August, of course, and a couple in September

**Hon. Mr. Auld:** Three years ago we had them breaking out around Kenora in January.

**Mr. Nixon:** We are not going to pay for those before they happen, are we?

**Hon. Mr. Auld:** We don't anticipate that this year.

**Mr. Nixon:** A number of private enterprise aircraft firms have approached the ministry

from time to time asking to be involved in this. When the whole forest is burning down I think you sometimes turn to them reluctantly. But why is it you cannot work out some continuing agreement with the aircraft and pilots, other than those directly under the ministry, for a program of firefighting assistance?

I know the deputy has been particularly helpful in this connection, but I am thinking of a constituent of mine who has a fairly large private aircraft company. They do a number of contracts for the government in crop spraying, they have contracts with a number of maritime governments, but it was only in extremis that the government of Ontario finally decided it could use a couple of their planes for a brief period of time. What are you going to do about John Tarr?

8:10 p.m.

**Hon. Mr. Auld:** Would you like to know how they made out?

**Dr. Reynolds:** Mr. Nixon, Mr. Tarr is an imposing salesman.

**Mr. Nixon:** But is he convincing?

**Dr. Reynolds:** Yes, he is. He operates a fleet of Polish-made aircraft—

**Mr. Nixon:** What?

**Dr. Reynolds:** Polish-made, made in Poland.

**Mr. Haggerty:** Not made in Ontario?

**Mr. Foulds:** Just remember, they sent the Poles into the Battle of Britain before they sent the Canadians in.

**Dr. Reynolds:** Their name is Dromadere. He has contracts with New Brunswick, primarily for spraying the forests against the spruce budworm. It is possible to adapt these aircraft to drop water on forest fires. They theoretically carry 500 gallons; in fact, they do not carry quite that much. Frankly, in a situation such as we faced in the last year suggestions come at us from all directions and it is very difficult to check out those that are serious and worth pursuing and those that are not. But Mr. Tarr's submission sounded worthwhile, and I asked Mr. Forman if he would arrange a contract, which he did.

The aircraft were sent to us. They operate on wheels, so we had to have an airstrip. We utilized and prepared as an airstrip a section of forest access road that was long enough and straight enough, because this was in a remote area, the only place we could use it. Besides that, it cannot pick up its own water supply. You must have pumps and equipment to fill the tanks.



Three aircraft came and operated. One was somewhat delayed due to the fact that one pilot spoke no English.

**Mr. Nixon:** What language did he speak?

**Dr. Reynolds:** Polish. We had that sort of problem. There were problems of other types with communications. However, they did deliver a fair bit of water after a lot of trial and error. In due course, we felt we had had a sufficient test, thanked them and paid them off. But Mr. Tarr has been in to see me within the past few days.

**Mr. Nixon:** Me, too.

**Dr. Reynolds:** I would not have expected that, Mr. Nixon.

**Mr. Nixon:** So you did retain him during the forest fire season?

**Dr. Reynolds:** Yes, indeed, we did.

**Mr. Nixon:** You have a continuing contract, do you, for the coming season?

**Dr. Reynolds:** No, we do not.

**Mr. Nixon:** I mean the January Kenora fires that the minister is referring to. Are you going to use the Otters with executive configuration to drop water on the Kenora fires?

**Hon. Mr. Auld:** Otter, singular.

**Mr. Nixon:** Do you mean you have only one Otter with executive?

**Dr. Reynolds:** Yes.

**Mr. Nixon:** Who uses it, the minister?

**Hon. Mr. Auld:** Perish the thought.

**Mr. Nixon:** That is exactly my view, because I thought the Premier (Mr. Davis) used it to go to Florida.

**Mr. Tarr** is not retained at the present time?

**Dr. Reynolds:** We granted him a contract, we completed it, and we went away to think about it. I have a detailed report which indicates all the problems and the solutions, and it worked out pretty well. Whether we're going to use them again next year, I do not know. If we had lots of airstrips it would be a different matter, but he has to operate close to the fires and, as you know, these vast areas of northern Ontario simply do not have airstrips. If we had, I think it would be well worthwhile.

He produces some convincing figures to indicate that if a strip is close to the fire we can deliver as much or more water in a bit time for a good deal less cost than most any other mechanism we have. But we don't have the airstrip, and therein lies the major problem. The building of airstrips

in remote areas would be a multimillion-dollar undertaking. That is the main snag.

**Mr. Foulds:** I have one thing I would like to raise under item 5, resource access. I do not want to go through the letter, but one of my colleagues, Mr. Mackenzie, received a lengthy letter from one of his constituents complaining about the Ministry of Natural Resources policy in ripping up, blocking and ditching the access roads to Onaman Lake, Abamasagi Lake and Marshall Lake. He has provided me with a set of brilliant slides which rival in graphic detail the slide show the minister provided us with with regard to the forest fires.

The question I would like to ask—and I will forward the letter to the ministry—is what is the ministry policy with regard to these access roads? Under what conditions do you decide, as you did in the case of these three lakes, to restrict access so severely? They are in Nipigon district and Geraldton district.

**Mr. Wildman:** Do they have flash floods on those roads?

**Mr. Foulds:** Onaman Lake is under the jurisdiction of the Nipigon Natural Resources office. Abamasagi and Marshall Lakes come under the jurisdiction of the Geraldton Natural Resources office.

**Mr. McCormack:** Mr. Chairman, this is a bureaucrat's cop-out. I have worked in the whole of northern Ontario except for that part of the country, and I am really not familiar with it. I would like, if I may, to talk to the general question of access roads and their impacts on land use, wilderness roads and on trout lakes and the overutilization of these lakes.

In some instances, we do like to limit access of areas for very specific reasons. In this particular case, I am afraid I have to indicate we will undertake to get back to Mr. Foulds, if that is satisfactory. I got Onaman Lake, but I didn't get the other lakes.

**Mr. Foulds:** Abamasagi and Marshall Lakes. I will forward to you a copy of the letter to reply to in detail. The charge that is made is that the lakes were closed because of pressure brought to bear by fly-in operators. I have heard that charge before, but I have never had as specific a case as this brought to my attention. I can understand the pressures that are put on the ministry, but I would like some response specifically to this question.

**Hon. Mr. Auld:** I haven't anything in my notes as to complaints from various districts.

**Dr. Reynolds:** Mr. Foulds, perhaps the key to it is the reference you made to complaints from fly-in operators.

**Mr. Foulds:** The charge made in the letter is that the ministry succumbed to pressure from the fly-in operators.

**Dr. Reynolds:** There are some operations, some outpost camps and some substantial operations—respectable too, I hope—that have been established in remote areas. The operator's business is essentially based on the remote aspects and the opportunities for people to be away from other people and that sort of thing. They have built up these large investments on that basis.

Those businesses could be substantially impaired, if not wiped out, by inroads of large numbers of people on roads that were built for forest access or any other specific purpose. There are situations in which for reasons such as that, in order to assist with the protection of the investment of the operators who are already in there, we do restrict access by road. That could be the key to those three you mentioned.

**Mr. Foulds:** Let us get the detailed answer and then we can sort that out, either publicly or privately.

Item 5 agreed to.

Item 6 agreed to.

8:20 p.m.

On item 7, land, water and mineral title administration:

**Mr. Wildman:** I will not be long on this, but I see Ted Wilson is here and I cannot pass up the opportunity to talk about the 1924 Indian land agreement. I would like to know what is happening with this. It is an ongoing saga. I think I have asked about it every year for the last five years. For instance, I would like to know whether the discussions with the Nipissing bands have been completed and what has happened there. If they have been completed, how is it that Mr. Wilson has not been to Garden River?

I understand, Ted, you said you were going to be there in September and would be meeting with them. The band contacted me and said they had not heard anything. I know it is important to that band. It is important to many of the Indian organizations, and to the province. Really, I think it is quite a farce to keep calling it the 1924 land agreement. It will be interesting if in the year 2024 we are still calling it the 1924 land agreement and we are still negotiating it.

**Hon. Mr. Auld:** I have some notes about it. I think Ted provided me with the notes, so he may shorten them up for you.

**Mr. Wilson:** I'm not sure I can shorten them, Mr. Chairman. I do not know which one to deal with first, Mr. Wildman, but let us deal with Garden River first.

Yes, I did meet with the chief and council of the Garden River band on the day we spoke on the plane, I believe. At that time I agreed with the chief and council of the Garden River band to deal with the question in the very specific sense of the unsold, surrendered Indian reserve land at Garden River. We did spend quite a while in the field with the chief, who showed us exactly the areas he had in mind and how he felt about them and why. We have agreed on an informal basis. You will recognize that these negotiations include not only the government of Ontario and the Indian bands, but the government of Canada. We also agreed that when the government of Canada was ready to join with us in dealing with Garden River we would proceed.

It might be helpful to speak of the sequence of events. The 1924 Indian land agreement was actually legislated by both Ontario and Canada to sort out exactly who was responsible for dealing with lands that were at one time Indian reserve lands and had been surrendered by the band for sale. The initial attempt was made in 1902 but it was in 1924 that this legislation was passed. The generally held view is that the 1924 agreement did not sort out the problems that were here and which the Indian people still have.

There has been no basic disagreement that I am aware of between the Indian people and the two governments on the direction we are trying to go. The problems stem from the achievement of those objectives in a way that is fair and equitable to all, including those people who have bought some of those lands in the meantime and are private landowners who should not get caught in the middle. Yet we must be fair to the Indian people. So we are negotiating, in what you might call a provincial context, the basic changes to the agreement. At the same time, we are recognizing that if we try to cover everything in the one basic agreement we will have so many ifs, buts and whereas that we will never get anywhere.

We are dealing with specifics on a band by band basis. We have started with the Nipissing band on the north shore of Nipissing. We have substantially agreed on the items outstanding there. We have practically

met on a monthly basis with the chief and council in North Bay. I might add we have agreed we will always meet on their home ground at the wish of the Indian people, so we meet in North Bay or on the reserve, as we would with the Garden River band. We practically have agreement on everything.

Their chief, Chief Phil Coulais, phoned me last Friday and asked that we change the date of the next meeting we have arranged. The meeting is now scheduled for December 3 at North Bay with the Nipissing band. We have agreed the Garden River band should be next. We have further agreed the Mississagi River band also submit similar questions and we will deal with those.

I am getting an increasing number of questions from the people on Manitoulin Island. All their questions with respect to road allowances must be dealt with. We are asking such questions as which comes first. We recognize the difficulty of dealing with them all at once.

There are others in the province who have similar questions, so the general 1924 land agreement questions are proceeding in almost monthly meetings with Canada, the Indian people and the Ontario government through the good offices of Mr. Justice Patrick Hartt. He is not letting us slow down.

**Mr. Wildman:** Can I ask a couple of questions? I was going to get the Mississagi in briefly but Garden River, of course, is of particular interest because the Ministry of Transportation and Communications is trying to negotiate an agreement on the surrender of land for a highway.

**Mr. Nixon:** For a four-lane number 17.

**Mr. Wildman:** That is right. Obviously, the Indian band quite logically wants to have this matter resolved before it enters into negotiations in a more serious way, although the band has already talked to MTC on that matter.

Can you tell me how many bands have raised questions with regard to the 1924 land agreement? How many people have you working on it, or is it just you? If it is just the person, how long do you expect this will go on?

**Mr. Wildman:** Within the last few months we have added one person to the staff to help out on this. Mr. Paul Wyatt is with us tonight. Paul is working largely on the 1924 agreement questions to sort out the different positions, problems and conflicts we are dealing with.

In addition, we have much of the work being done in our regional and district offices

on the specifics at Nipissing. We will do the same with Garden River. It boils down to having to look at practically every patent that had been issued and every piece of land that had not been patented. The smaller things can be quite significant although not necessarily large in area, such as road allowances, roadbeds, river beds, mineral reservations, the five per cent reservation for roads in patents, and all those types of things. We can be not only in agreement but very clear on who has the responsibility for dealing with them in a continuing way.

Paul Wyatt is working largely on the policy level because my plate was getting pretty full, and still is. The district and regional people have a lot of this added on to them, much to their chagrin, but it is a priority with a lot of people who recognize there is a lot of work to be done. Manitoulin Island is a big one facing us.

**Mr. Wildman:** That is right. I will not prolong this, but I think the discussion of the 1924 land agreement has gone on for over 50 years now. I do not think a few more minutes tonight is going to lengthen it too much.

Do you have any time frame in mind? Do you anticipate this finally being resolved, not only in the particulars of each band, but in the whole general problem between Canada and Ontario in the foreseeable future?

**Mr. Wilson:** Different people foresee different capabilities, but my view is that since there is essential agreement between the Ontario government, the Canadian government and the Indian people on where we are going then, yes, we are going to deal with it satisfactorily. As we go we are continually finding additional areas, not so much of disagreement, but areas we had not contemplated where there are problems to be resolved.

8:30 p.m.

Generally, at the staff level to date we have made a decision to take action to deal with those rather than shove them under the rug again. There are things that continue to come up. Minerals are one. The five per cent road allowance, reservations and patents would be another, the river beds that may or may not have been excluded from patents, we go on and on.

**Mr. Wildman:** You do not see the resolution of those particular problems of each band as being something that should have to wait until the general problem is resolved. You see them as going on together.



**Mr. Wilson:** They are going on together. I think we can deal with most of them on that basis.

**Mr. Wildman:** All right. I have one other question regarding another matter that comes under this vote. It deals with a lot of confusion that has come up in Wicksteed township in the Hearst district.

**Mr. Nixon:** Does this have to do with the Indian advisory committee?

**Mr. Wildman:** No, it does not.

**Mr. Nixon:** I have a question about that.

**Mr. Wildman:** Go ahead.

**Mr. Chairman:** Mr. Haggerty is waiting to get on. You have already gone a half hour over your allotted time on this. I would ask you to be as brief as possible if you want to follow your program.

**Mr. Wildman:** Mr. Chairman, could you give us some direction, or perhaps the minister or the deputy minister could indicate where the other questions with regard to Indian rights might come up? I don't think they all necessarily come up under land. Hunting and fishing rights and so on come under outdoor recreation.

**Mr. Wilson:** Yes, resource products.

**Mr. Wildman:** Okay.

**Mr. Chairman:** Mr. Haggerty was next.

**Mr. Wildman:** Are you going to go to the other Indian questions or can I raise this one?

**Mr. Chairman:** I am just following the names in rotation.

**Mr. Wildman:** Mr. Chairman, I was about to yield if there were other questions for Mr. Wilson, but I have one other question that does not relate to Indian matters I want to raise under this vote, if I could raise it now.

**Mr. J. A. Taylor:** Give Ray a chance.

**Hon. Mr. Auld:** While Ted is here, perhaps we could sort it out, Mr. Chairman.

**Mr. Haggerty:** I just wanted to direct a question to the minister concerning the land and water mineral title as it relates to the Elliot Lake region, particularly to the mining operations at Elliot Lake.

**Mr. Wildman:** Is this an Indian question?

**Mr. Haggerty:** No, this is land, water mineral title administration. It comes under the vote here.

**Mr. Wildman:** I have another question that comes under the vote, and I yielded the time because there were questions on Indian matters.

**Mr. Chairman:** We will give you a chance.

**Mr. Haggerty:** I have a question on Indian matters then, Mr. Chairman, about annuities and bonuses to Indians under Treaty 9. The amount is \$50,000. What is this spent on?

**Mr. Wilson:** Mr. Chairman, the \$50,000 under annuities and bonuses to Indians is for payments to the Indian people under Treaty 9. Those payments are actually administered and handled by the government of Canada. It is a transfer payment by Ontario to Canada. That is annuity payments under Treaty 9 covering that part of northern Ontario north of the Great Lakes watershed, the Hudson Bay watershed.

**Hon. Mr. Auld:** Is that the one some of the natives in the territories are refusing to take now?

**Mr. Wilson:** The treaty you are referring to is Treaty 8, which is very similar to Treaty 9.

**Mr. Haggerty:** Is it earmarked for any particular annuities or bonuses? What type of bonuses are we talking about?

**Mr. Wilson:** That is the condition of Treaty 9.

**Mr. Nixon:** It is the one management board said you should either ante up enough money for or cut out. Remember I referred to that in my opening comment and you did not respond to it? The management board review said you were messing this up. Remember that one?

**Hon. Mr. Auld:** Yes, it is \$5 per person but you never know how many people are coming forward.

**Mr. T. P. Reid:** Maybe Mr. Wilson, who is the only one who knows the answer, might be able to respond.

**Mr. Wilson:** The treaty provides the amount of the payment and it does vary as you say, Mr. Minister, by the numbers of persons. The federal government deals with that. If I might refer Mr. Nixon to the opening comments on the management board review, they were referring, I believe, to the work on my desk essentially. They made some comments in that respect. But it was not related to the \$50,000 in the estimate as a distinct entity that Mr. Haggerty is asking about.

**Mr. Nixon:** It certainly was not a treat sum, but it was a sum of \$50,000 that was allocated to the Indian resources policy group. They said it would be better not to spend it unless the money was allocated in such a way that we were going to come to grips with that problem. I raised it at the

time. The minister did not respond as, I recall.

**Hon. Mr. Auld:** No, he did not, and he won't at the moment until he hears a little more about it.

**Mr. Nixon:** It is in the management board review that surely either you or your deputy had a look at. It was probably one of the most critical phrases in the whole bloody review.

**Dr. Reynolds:** This was drawn from the operational review, Mr. Nixon.

**Mr. Nixon:** It had the imprimatur of the management board.

**Dr. Reynolds:** The operational review was carried on by management board and that was what you raised in your earlier question as a specific.

**Hon. Mr. Auld:** I will give you the answer. In 1976 we established the office of Indian resource policy with one full-time staff member. Since that time several staff have been added to that office.

**Mr. Nixon:** Was this not a group that was transferred to you from another ministry?

**Hon. Mr. Auld:** No.

**Mr. Nixon:** Is this not the group that detected en masse to the NDP? Remember that?

**Mr. Martel:** To their credit.

**Mr. Nixon:** To their credit, sure, because they could not stand Yaremko at the time. They finally found a safe repository in your ministry and we have not heard from them since.

**Mr. Wildman:** You are thinking of the Indian community secretariat. They are not the same people.

**Mr. Nixon:** No, but it really is the group that deals with the problems of the Indian community in the northern part of the province.

**Hon. Mr. Auld:** The Ministry of Natural Resources deals with two aspects of Indian government negotiations, lands and hunting and fishing and wildlife. All other things are dealt with either through the Indian Administrative Secretariat, community branch, Culture and Recreation or the sort of overall co-ordinating group in the natural resources policy field under Mr. Brunelle.

Let me finish this. The senior Indian land claims researcher and two additional researchers investigate the background and facts and develop positions on a growing number of Indian land and resource claims.

Ted mentioned that in passing. As well, a policy adviser has been added along with two secretarial staff to provide support to the director and other professional staff. The senior person in the ministry has been given the task of negotiating Ontario's position in the mediation currently ongoing with the Islington and Grassy Narrows bands. Bob Bugar from the conservation authorities branch is the director.

We are again reviewing our effectiveness in meeting the ever increasing responsibility we face in resolving any issues that involve natural resources. I think management board's complaint was that we had more salary money than we had people, and if we were not going to hire the people then we did not need the salary money.

**Mr. Nixon:** What was your response to that?

**Hon. Mr. Auld:** Our response was that it was taking us a little time to find the right people, but we now believe we have found them.

**Mr. Nixon:** So it is now all in hand? Everybody is happy.

**Mr. Wilson:** The \$50,000 represents only the annuity payments under Treaty 9. There are additional funds in the ministry estimates that deal with Indian matters that aren't separated—

**Mr. Nixon:** Not under this vote?

**Mr. Wilson:** They are under that vote, but they are not separated out as those are.

**Mr. Haggerty:** Has this \$50,000 been earmarked for any special thing? Is it just a per capita grant given to a person?

**Mr. Wilson:** It is earmarked for the payment of annuities under Treaty 9, which is a legislative obligation.

**Mr. T. P. Reid:** Like the minister's salary, it is statutory. It happens every year.

**Hon. Mr. Auld:** But larger.

**Mr. Haggerty:** I have several other questions. I want to go back to the question of the land, water and mineral title administration as it relates to the Elliot Lake area.

8:40 p.m.

**Mr. Wildman:** Point of order, Mr. Chairman: What happens with the schedule drawn up by the three members, one from each party?

**Mr. Chairman:** I have told you. You have gone 40 minutes over your allotted time and this is what happens.

**Mr. Wildman:** I would think we should move this vote and go on to the next one. The purpose of the agreement was that we would not run out of time and we would be able to cover the two most important issues.

**Mr. Chairman:** Then make a motion to cut it off.

**Mr. Wildman:** All right, I move that we pass this vote.

**Mr. T. P. Reid:** I have one question. It deals with Mr. Wilson and again it is an Indian land claim. At the opening of the Fort Frances-Dryden road on Friday, Mr. Leo Noonan met with the Minister of Transportation and Communications (Mr. Snow), Mr. Bernier, myself and John Reid, the federal member. It has to do with the Indian land claim about the two chains on Rainy Lake at Point Park. Mr. Noonan wishes to proceed with something like a \$4 million tourist development. I have spoken to Mr. Wilson on a couple of occasions about this and his response to me has not been optimistic that we are going to solve this one very soon. Mr. Noonan is not going to be able to proceed with his development if this problem is not resolved.

I wonder if Mr. Wilson could outline very briefly for us tonight how that situation stands and when it might be resolved.

**Hon. Mr. Auld:** Is this on the reserve or on the edge of the reserve?

**Mr. T. P. Reid:** That is a good question; it is part of the problem.

**Hon. Mr. Auld:** Is this the Athabasca claim?

**Mr. T. P. Reid:** This is the Couchiching reserve, among others, but it has to do with water and land rights. Again, it is very complicated and perhaps Mr. Wilson can explain.

**Mr. Wilson:** Mr. Chairman, this is dealing with land within the town of Fort Frances, land that borders Indian reserve land. It deals with the question of a land exchange agreed to in the 1930s by Ontario and the government of Canada when Ontario acquired the land on which to build Highway 11 east from Fort Frances. Some question has been raised as to whether the land Ontario was expected to provide in lieu of the land for the highway had been transferred or whether it should have been transferred.

The last time I spoke to Mr. Reid, I think my words were something to the effect that it was not exactly at the top of my pile. There is a pile continually being added to.

I have now completed a research report on that which I think has all the facts relating to it gathered together in one spot. I have sent that out to some of our folk in the field for their judgement to see what we have missed. When we have all the facts together then we can get on to what conclusions they will lead us to.

**Mr. T. P. Reid:** As far as any resolution of the problem is concerned as to whether the land belongs to Mr. Noonan and the town of Fort Frances or the Indian bands involved how far away from that are you?

**Mr. Wilson:** It might well be that it is not a question of who owns the land. It may well be more a question of whether Ontario paid everything some people think it should have paid for the lands for Highway 11. It may be that we do not even have the question right yet. The question may not be who owns the land.

**Mr. T. P. Reid:** If it is not a matter of the town of Fort Frances or Mr. Noonan owning the land then presumably he can proceed and you can fight it out with the Indian bands as to what amount of money should be paid.

**Mr. Wilson:** That may well be. That is why I want to find out exactly what the question is before I get steamrolling towards the answer.

**Mr. T. P. Reid:** One further question if may, with your indulgence: When are you going to know what the question is?

**Mr. Wilson:** When the research report together, when we have agreement that we have all the facts, then we can take the next step. I have that research report now.

**Mr. T. P. Reid:** Will this be before Christmas?

**Mr. Wilson:** The report is finished now.

**Mr. T. P. Reid:** Yes, but will you know what the questions are?

**Mr. Wilson:** I may have it in my own mind what they are, but I may not have agreement with the government of Canada, the Indian people or the town of Fort Frances.

**Mr. T. P. Reid:** I realize the problems of all the claims, but could I ask that we move it up as close to the top of the pile as possible?

**Mr. Wilson:** It will move up; and the research report is complete.

**Mr. Haggerty:** Mr. Minister, I would like to get back to the question of the land, water and mineral title administration as it relates



to Elliot Lake, particularly to the uranium mines in Ontario. I understand you have the mineral rights and I guess they are leased out to the mining companies. My question arises about the mine tailing sites. Does the land itself belong to the ministry with permission for the mining industry to dispose of their mine wastes on Ministry of Natural Resources land?

**Hon. Mr. Auld:** As I understand it, in the Elliot Lake area there is very little, if any, land that has been patented where somebody owns the surface, timber and mining rights. The houses are built mainly by people who have only the surface rights. As far as who owns the tailings, probably in that case the mining and surface rights are still with the crown.

**Mr. Haggerty:** Does the mine tailings area belong to the crown?

**Hon. Mr. Auld:** I expect so.

**Mr. Haggerty:** Are you aware of the problem that is being created by the dumping of mine tailings loaded with radium 226 and thorium in the area? Eventually the crown will be the responsible body for perpetual care of that area, once the mining industry—

**Hon. Mr. Auld:** I said that on most of the land that is not inhabited the surface rights are still with the crown—not all. I could not tell you specifically how much might be covered with tailings and how great the problem of tailings is. If there are problems in that area, there are remedies.

**Mr. Haggerty:** There are going to be problems there; there are problems now.

**Mr. Martel:** There is a problem now.

**Hon. Mr. Auld:** I think there are remedies, which I will not go into at the moment, that can be applied so that the crown will not have to pay the whole shot.

**Mr. Haggerty:** You are telling me that part of the responsibility lies with a crown agency.

**Hon. Mr. Auld:** I did not say that.

**Mr. Haggerty:** You said you would be paying part of it.

**Hon. Mr. Auld:** There are other measures that might be taken.

**Mr. Haggerty:** What measures are those?

**Dr. Reynolds:** Mr. Haggerty, as a generally, in the areas where the tailings are being disposed of the surface rights would be under the ownership of the crown. That might be under licensed occupation or some other form of tenure by the companies. But the conditions under which the tailings are

disposed of, retained, walled, the drainage and that sort of thing, are all matters of agreement. The standards are set jointly by the Ministry of the Environment and the Atomic Energy Control Board. There is a federal responsibility for all matters related to uranium.

It is complex. It is a matter towards which a great deal of effort is being directed—the safe containment of the tailings, the prevention of pollution of water supplies, fishing and that sort of thing.

8:50 p.m.

**Mr. Haggerty:** After they get through their expansion program there and, say, within three years if you are looking to dispose of 10 million tonnes of it per year, do you have sufficient land in that area to look after the mine tailings?

**Hon. Mr. Auld:** First of all, you should remember that the Ministry of the Environment has the final say on where tailings will be put and how they are stored and so on.

**Mr. Haggerty:** But I find from the Hydro committee meetings dealing with this topic that the Minister of Natural Resources could be responsible for the perpetual care of those mine tailings.

**Hon. Mr. Auld:** If we were, we believe we have methods of dealing with that.

**Mr. Haggerty:** But you check it out.

**Hon. Mr. Auld:** We have some authority which will assist us in that duty.

**Mr. Haggerty:** I have not seen any of it applied yet, because it is going to be a serious problem. If you are not prepared now to look into it—

Interjection.

**Mr. Haggerty:** They told us they have it under control for the short term—

**Mr. Wildman:** They have not got it under control—

**Mr. Haggerty:**—but in the long term they have not found a solution. If the solution lies with the Ministry of Natural Resources, then it will be responsible for looking after the mine tailings and the damage done to the waterways and lake basins up in that area.

**Hon. Mr. Auld:** As the custodians of crown land we have the ultimate responsibility, just as we do with abandoned mines and other places.

**Mr. Haggerty:** If it comes down to that, you can dump your garbage on crown lands and let the rest of the population in Ontario pay for it.

**Dr. Reynolds:** Mr. Haggerty, the conditions under which they are being permitted to put them there, or that they will be as they get into their expansion, all aspects of that are matters of discussion, engineering studies and jurisdiction jointly by the Ministry of Natural Resources, which is responsible for the land and the water, the Ministry of the Environment and the Atomic Energy Control Board. It is enormously complex—perhaps more complex than you appreciate. No one really knows the long-term effects. But we are the providers of the land and the conditions and the requirements for storage are being established by other agencies of the federal government of other ministries of the Ontario government.

**Mr. Haggerty:** Do you have any input at all in the disposal of the mine tailings?

**Dr. Reynolds:** Yes, we do.

**Mr. Haggerty:** What is your involvement?

**Dr. Reynolds:** But we do not have the expertise in terms of what is a safe method of disposal. That is where AECB—

**Mr. Haggerty:** Nobody does, that is the problem.

**Dr. Reynolds:** They really do. A lot of this is still experimental but whatever expertise there is has all been brought to bear on this. I do not see what more can be done. I think it is in hand. I do not feel uneasy about it. This expansion has not yet started to produce tailings in sufficient quantity that the problem is immediately upon us. But it will certainly face us all in the near future, and I am sure we will be ready to handle that by the time the tailings are—

**Mr. Haggerty:** I am glad to see you are convinced, because I am not convinced and I do not think any member of the committee is convinced about what you are going to do.

**Mr. W. Newman:** Speak for yourself. I happened to be with the Ministry of the Environment for a while. I know exactly how well they work together to resolve some of these problems.

**Mr. Haggerty:** You have not resolved it as yet. All you are doing is just dumping it in an open ravine or some low spot there, filling it up and that is it. You say you will cover it with some type of a grass cover and that will give a good cosmetic look to it. But it does not resolve the problem. All I am suggesting is that they can remove about 65 or 70 per cent of the thorium and radium now. Why does the industry not do it without dumping it out there? Eventually it is going

to cause more of a serious problem. I do not have to tell you, because we talked about what the Serpent River Indian band has gone through there in the last 10 years. You tell me you were the watchdog then. You set a good example, I have to tell you.

**Hon. Mr. Auld:** I do not think I ever said we were the watchdog.

**Mr. Haggerty:** You tell me you are involved in it, and I expect to see—

**Mr. Foulds:** He let the companies dump the poison on the land; that is all he said.

**Mr. Haggerty:** Which will poison the moose, the deer and everything else up in that area.

**Mr. W. Newman:** Come on, now. That's why Reagan is winning in the United States, because he is a right-winger.

Interjections.

**Mr. W. Newman:** You want to stop the world; then you want us to find jobs for people after you stop it.

**Mr. Haggerty:** I would not say that. If the honourable member wants to really look at it, when we are exporting about 80 per cent of uranium and they let us have all the uranium waste here, I do not think that is good business. We should export some of the waste with it too. That is all I have to say.

Item 7 agreed to.

Items 8 and 9, inclusive, agreed to.

Vote 2502, including supplementary estimates, agreed to.

On vote 2503, outdoor recreation program; item 1, recreational areas:

**Mr. Martel:** Mr. Chairman, I want to go back in history for a few moments.

In 1969, at about 5:30 one morning, a couple of friends and I left Sudbury. At 8:30 a.m., we were here in Queen's Park meeting with the then Minister of Lands and Forests, who is now the Provincial Secretary for Resources Development (Mr. Brunelle). That is how far this matter goes back. At that time we were requesting that the north shore of Wanapitei Lake be set aside for a park. Over the years the ministry established a 600-acre reserve, which now is up to 1,300 or 1,400 acres. I believe George McCormack and I flew in to see it at about that time. That is a long time ago.

Over the years there have been two problems with fully developing that park. A lot of people think that because you are from northern Ontario there is all kinds of park land. The Sudbury basin has a tre-

menhous shortage of park land. In Sudbury, that portion of the lake could serve the 22,000 residents of Valley East, the 4,000 residents of Capreol and the 10,000 residents of Garson by providing them with some place fairly close to go for a picnic or camping. It is one of the few areas in the whole Sudbury area that is worth developing.

The ministry has sent staff in there. They have done the soundings; they have charted all of the waters in that area. Some of the minister's staff and I had a disagreement a couple of years ago as to which part of it should be reserved for day use. They wanted to move to the south shore of the North River and leave the remainder of the overnight camping for the north part. We just happened to fly in with the minister's staff, and all the boats that were there were where I suggested the people would go, because it is sandy beach.

Over the years the ministry has told us there are two problems. They said money was a problem because of the necessity to build a couple of causeways, including one across the mouth of the North River. The total cost, I believe, was in the neighbourhood of \$600,000. The second problem was to get there via the short route you would have to deal with the native band. My understanding is that the problem with the native band and Chief Recollet has been solved, that they have no objection to going the short route, which is along Wanapitei Lake and which is at least half the distance shorter, where there is an old roadbed ready.

p.m.

The problem thrown up over the years, that we could not get around the Indian land, really is not there. They make two speculations: (a) that it be at the back of the reserve instead of the front, where they have developed a park for overnight and weekend parking; and (b) that it be open year round so they can get to and from the reserve. I understand those are the only speculations they make.

The real problem is a commitment from the ministry to put in some funding. There are parks being developed all over. I was interested in listening to the member for Kent-Oxford-Norfolk the other night when he said that, with conservation authorities in southern Ontario and the overlapping of your ministry, there are areas there with an excessive number of parks. We have been spending for at least nine years, and probably 11 years, to get that one park developed.

The proposal is for 250 campsites with two campers per acre, as I understand it.

As the minister knows, I spent a weekend there in August. There were 65 trailers. I have a picture, which the minister has already seen. It shows that the trailers are on top of one another. They are just feet apart; they almost touch. To make more room, people are cutting down trees; they are spoiling the area. There is excessive use of alcoholic beverages by the younger people who go there late at night. There is fighting. There are two privies to serve the whole area.

It is a disgrace that in 11 years this ministry has not been able to find the funding to develop one decent park in the Sudbury basin. It is one of the nicest sites. I have invited one minister after another to fly in with his staff and myself so that he could see it firsthand. They have all said yes, they were interested, but not one of them has taken the time to come in and see the site.

The ministry might have the area set aside as a reserve, but much of the site is being destroyed, not only because campers need a place to go but also because the erosion caused by the way Hydro raises and lowers the river is eating up the dunes at a great pace. I have written to Mr. Macaulay of Hydro recently, asking him to see if there is a way to prevent that from occurring. I am sure Mr. McCormack can tell the minister how rapidly that is being eaten away.

There are a few problems with it. It is a cold lake, as most of you know—the water isn't the warmest—but it is the only place workers who have a short change on a weekend can get to from downtown Sudbury in less than an hour. The people in Valley East are a shorter distance from the site; there are 22,000 people there, many of them working in the mines with frequent short changes on weekends. They cannot go off to Grundy Lake or other camps.

It is a disgrace that those of us who live in that area cannot find a place to go on a Sunday. In my own community of 4,000 people we can go to Ella Lake, which is only about three miles from town, but on a nice Sunday afternoon the only way you can get on the beach is to stand up, it is so overcrowded. That lake, which is in the town of Valley East, serves the 4,000 people in Capreol and the 22,000 people in Valley East.

It is time we stopped dilly-dallying with this. It is time the ministry showed a sincere effort and started to put some money into it. I do not think it is too much to ask that



the people in the north have parks, particularly when I hear members from southern Ontario saying they have excess park capacity in certain areas.

I would like to know if this minister is prepared (a) to come and see it and (b) to commit some money in next year's budget to start development of that park. All you have there is a Junior Ranger camp. They try to keep it clean a bit but, as I say, the trees are being cut; it is overcrowded; there aren't sufficient privies; and it is going to reach a point where it is going to be destroyed. The people simply do not have a place to go. I would like the minister to give me some indication that after 11 years, the ministry is going to get serious and start development appropriately, aside from doing the soundings and the studies and setting aside the land.

**Hon. Mr. Auld:** As I said, I will go with you to see the area. I am told by you and others, it is a beautiful area. However, throughout the province we have stopped developing new parks and park reserves until we have completed those which are partly or almost completely done. I was looking for my note and I can't find it, but as I recall the area, Grundy Lake Provincial Park and another park are not too far away.

**Mr. Martel:** If you consider 50 miles one way not too far away.

**Hon. Mr. Auld:** Many people in Metropolitan Toronto on many occasions go that far to find a park that isn't too crowded. I am not making any great plea for the people of Metro, but I think one of the reasons such a large number are on the reserve at Wanapitei is that there is no charge. That is certainly an incentive to many people. I can't honestly tell you tonight we will make a start on anything there because the money is not in the budget to do it.

I can show you some areas in southern Ontario where we had similar problems about where to put people in an established park overflow. We can't turn them away at nine o'clock. We got into some less than ideal situations. I am aware of what you and Ron Christie of Sudbury region have told me. As far as access is concerned, we didn't have anything in writing but we did not anticipate any problem going through the reserve. That will certainly be a help.

Looking at that part of the budget that is still not firm, I don't honestly see a significant amount of money for any development

at Wanapitei or a number of other sites, some in northern, some in southwestern and some in southeastern Ontario.

**Mr. Martel:** The minister says people go there because it is free. Is the minister aware that to take a trailer in there is running one of the craziest risks possible. People are going about 19 miles, most of it over—I would say road, but that is not an appropriate description—let's say goat trail as that would probably be closer to the truth, but people still go. It takes at least an hour and a half to go the 19 miles, four of it over paved road and the rest, about 15 miles, over bush road that a couple of companies keep open for their own hauling purposes. That is how bad it is. Yet when you get 65 trailers there on a weekend, you know there is a crying demand for it.

Concerning people from Toronto having to leave Toronto, I don't know how many shift workers there are there, but we have a problem of short shift changes in the mines on the weekends in northern Ontario. A man does not have the whole weekend off. He cannot go 50 miles one way and expect to have even part of a day at a beach because he is on short change. He might get off at 3 or 4 and have to go back in at 11. That occurs to nearly all of them except the underground miners, and they certainly are not the predominant number of workers in the Sudbury basin. They have that pattern of work habit that they have no control over, and they do need something to which they can commute back and forth in a very short period of time.

9:10 p.m.

Another thing, of course, is that for 11 years, with one minister after another, even when times were good we could not get the ministries to put the type of funding in. I think there is a misunderstanding of the north that because we have lots of lakes we have lots of recreational area. That really is not the case, because in that type of environment most of the lakes are from the glacial days and are just potholes scoured out of the earth so that you do not have beach. It is just not there. Most lakes do not even back off the shore. It is just dug right in and the trees grow right up to the shoreline. You don't have a choice of any number of places that you might want to go. It is not that the ministry over the years has not had some opportunity—I talked about 11 years—to do it.

The conservation authority stretches up here, but the conservation authority in Sudbury simply could not start to do it, because the area it represents is so mammoth that it would be impossible for the conservation authority to develop any parks. There are 50,000 people in the basin, and the closest area for them is Windy Lake. I just say to the minister it is time we got serious and did something to provide some recreation for the people in that basin who do provide much of the wealth of this province in terms of mineral returns. When did you say you were coming?

**Hon. Mr. Auld:** Certainly we will go by air, from what you have said.

**Mr. Martel:** Oh, yes. You would not want to go by road, particularly once it snows a little.

**Hon. Mr. Auld:** As soon as possible. When could be the best time? I think probably the spring would be a little better in terms of seeing the view.

**Mr. Martel:** The thing that bothers me about the spring is we could be into an election and you might not be around by then.

**Hon. Mr. Auld:** I was thinking of before the election, just to be sure. I would not want to disappoint you, or you might disappoint me.

**Mr. Martel:** No. I will be back.

**Hon. Mr. Auld:** Then, of course, we have a problem. We are both coming back.

**Mr. Martel:** But you might not be the minister then. The next minister might be one of my own people. If it is Mr. Foulds I am all right.

**Hon. Mr. Auld:** Don't be too sure.

**Mr. Foulds:** Absolutely. My colleague makes a good argument.

**Mr. Martel:** I just elevated you to the cabinet.

**Mr. Lane:** Mr. Chairman, I am a little older than my friend from Sudbury East, and my problem goes back 15 years to the time when I first got to be the mayor of Gore Bay and Ontario Paper had vacated its operations on Manitoulin Island and left 80,000 acres on the west end of Manitoulin dormant. Through our good friend, Stan Marchand, when I was the mayor I tried to encourage the government to acquire that property, which could have been acquired at that time for not too much money, assuming the owners would have put a price on it,

which they didn't really want to do at that time.

However, years have passed and things have changed. We got to the point at one time—I believe it was 1973 or 1974—where the minister of the day and the Premier made some statements that we were going to acquire the lands. We got on to restraint budgets, and we didn't. Then we got awful close to making the company a trade. Now things have changed completely, apparently, because I understand that Ontario Paper is spending many millions of dollars on the mill in Thorold and is going to require different types of fibre in future. They are not too interested now in trading land, even if we had it, in northern Ontario because they want to have the land within 150 miles of Thorold so that they can truck in the wood. So, from looking at 80,000 acres for 13 or 14 years, I now have my sights down to looking at about 15,000 acres of that property. I have had some correspondence with you; my last letter was dated September 11.

I think a recreation area on Manitoulin Island is a must because, apart from a little nature park that your ministry acquired in Burpee township a couple of years ago, there is no crown land on Manitoulin Island at all. At the rate the real estate people are disposing of property up there, there is a very small amount of any large acreages any more. I think it is imperative that we have at least one chunk of land of substantial size on Manitoulin Island for recreational purposes so that people can do things with snow machines, have nature trails, go horseback riding or do what they want to do in an area where they do not have to worry that somebody is going to tell them to get out because they are on private property.

I think I heard you say that for a while there is no more money for provincial parks. I am not too sure I would want this to be a provincial park. If we could acquire the 15,000 acres or something in that neighbourhood from Ontario Paper, I think I would prefer that it might be a land management unit, where we could have the recreation area I am talking about and still take off some timber and allow deer hunting and so forth. Before too much more time has passed, I hope we can make some effort to get a chunk of that land not only for our generation but future generations that want to come to Manitoulin Island.

Some people may say, "Why worry? There are only 11,000 people or so living on

Manitoulin Island." We have 100,000 or so come during the summer months and we want to have some place where they will be assured they will have recreation opportunities.

I don't expect you are in a position to make any commitment tonight, but I would hope you would give me some encouragement that maybe before these estimates happen next year we will have made a move in that direction.

**Hon. Mr. Auld:** As I said to the member for Sudbury East, I think the development of another park is down the road a bit. We have been able to acquire parts of a park reserve where, if we didn't get the land at the time we would never have a chance again to get it. That has been one of the items of priority.

As you know, we spent some time actively looking for a trade, because for a long time Ontario Paper was anxious and I think still would be anxious, to acquire timber even though that part of its area is magnificent recreational land. As I recall, we were fairly close on one location and then there was a change in railway freight rates or something that was going to put the cost up and put it out of sight as far as their economics were concerned. It is true that it is at the north end of the main island.

**Mr. Lane:** The west end of Manitoulin.

**Hon. Mr. Auld:** Sorry, the pointy end, that one. My problem is I haven't been looking at the compass when I have been going over it because we generally go lengthwise.

There haven't been any active negotiations in the last month or so, but we are still looking at and discussing possible options. I don't know of any at the moment, or else we would be discussing them with Ontario Paper. That is small comfort, but if we can find a good acreage there—and there are several possible sites I am aware of—we might be able to acquire it. The development would be a little way down the road.

9:20 p.m.

**Mr. Lane:** It is really a sore spot with me to have to go back from hoping to acquire 80,000 acres so we can do something constructive on the west end of Manitoulin Island and try to reinstate it to its former state of economy. When Ontario Paper was operating there, the west end of Manitoulin Island was very active. Now it has simply dried up and withered away. However, I have attended a great many meetings with

ministry people in your time and before your time in that ministry. At the last meeting you and I attended with some of their people, I got the feeling they were not likely to want to make a deal for the entire package. At that time, if you recall, I threw out the possibility of getting at least a portion of it for recreational purposes. They seemed reasonably receptive to that idea.

At a meeting about six years ago, when we found out we were not going to have sufficient acquisition dollars to talk about purchasing, we started to talk about trading. I suggested to them they had left west Manitoulin Island in rather bad circumstances by pulling out when they did and that they might like to make a contribution from the company for future recreational purposes and get some tax benefits by so doing. In recognition of that, they could have a plaque erected saying the land was donated by Ontario Paper for recreational purposes for the people of Manitoulin Island, or whatever. They were reasonably receptive to making some kind of a contribution in that field, so I would like to see that followed up as well.

If you talk business with them, they would. Their name is well-respected on Manitoulin Island in spite of the fact they left it in limbo. They have allowed people to hunt on their acreage and have been pretty good landlords, so to speak. It would be encouraging to them to have some permanent recognition of having been on Manitoulin Island and some donation of that kind would give that permanent recognition to them. I think they are prepared to consider something like that.

I grant you I do not suppose we can acquire the 15,000 acres that way, but maybe we could acquire a portion of it. Maybe we could find a few acres to trade or a few dollars to buy. As I said, I am not hung up on a provincial park idea because if we are only going to have X number of acres, that will not suffice. Deer hunting is quite a big thing on west Manitoulin Island. If we had 80,000 acres, then we could do something constructive, whether it was a park or not. If we are going to have 15,000 acres or less or more, depending on what can be managed I personally would like to see it more as a land management unit where we could timber it, hunt it and still use it. Maybe that is food for thought for the next discussion with Ontario Paper.

I realize the holdup certainly has not been all with the government of Ontario. There was a lot of sentimental value attached to



that land by the former woods manager, Mr. Walker, who has now passed away. There were reasons why they did not want to sell or trade it, but with the land tax situation now being considerably increased over the years and with new people in management positions in the company, any sentimental value it may have had has somewhat deteriorated. Maybe we are in a better position now to talk to them than we were five years ago.

**Mr. J. Johnson:** I would like to compliment the minister on the excellent parks system in Ontario. I have been camping for quite a few years. I have camped from coast to coast in every province in this country with the exception of Newfoundland.

**Mr. Wildman:** You cannot have been in Sudbury or the Sault because there is no provincial park.

**Mr. J. Johnson:** Yes, I have.

**Mr. Lane:** Yes, there is. The Mississauga park is there.

**Mr. J. Johnson:** The best campgrounds are the wilderness campgrounds. Many people look for showers, laundry, swimming pools, and other amenities, but the best campgrounds are the ones that provide very little in service. It is good for the families. I say families because that is the whole secret of camping. It is an opportunity to renew your family relationship. That is why I feel camping is most important. I am not speaking of my constituency; I am talking about all of Ontario and all of Canada.

**Mr. Wildman:** Between the Sault and Sudbury not only would you be able to share your family life but you would be able to build a privy together.

**Mr. J. Johnson:** There are two points I would like to bring up with the minister. One is the new policy, as I understand it, in regard to what I would call wilderness campgrounds or off-season camping in parks at a reduced rate. Would you comment on this new policy? I understand it is a new policy.

**Hon. Mr. Auld:** In summary, in the past because of restricted funds we have closed parks on Labour Day. This year, it seems to me, they are still open until Thanksgiving about 16 parks are still open. We have kept them open at a reduced rate and with reduced services. There has been nobody at the gate. Perhaps the heat has been turned off in the main washrooms and so on. The services have been reduced and people have paid on the honour system. By and large, this has gone pretty well.

**Mr. J. Johnson:** How do they pay for it?

**Hon. Mr. Auld:** They pick up the ticket at the gate. There is nobody there. They just reach in and get one off the file. It is in three parts. One part is an envelope in which they put the fee and then put it in the box. One is the part they put on their vehicle licence and the other is the one they put on the little stand in front of the campsite. The few staff members who are there, one or two part-time perhaps, cruise the area once or twice a day. By and large, we find most people are paying and are happy. They still have the outdoors. It is not as crowded and is enjoyable as long as the weather is reasonable. They are using cold water instead of hot water.

Nine were still open as of October 21. Bronte Creek is open year-round for day use only. At Craigleith, which we plan to keep open until November 12, we are charging full rates and having full service. It is the same at Cyprus Lake. It will be open until November 15. In Lake Superior, Agawa Bay was open until October 28 and Rabbit Blanket Lake was open until October 31. They were charging reduced rates. Long Point is open until November 30; Pinery is open until November 30; Rondeau Park was open until October 31; Sauble Falls was open until November 1. Those were still fully serviced and collecting full rates as an experiment. Springwater, finally, is open for day use the whole year-round.

Using that self-serve system reduced rate, the campers pay \$3 for a regular campsite and \$4 for a site with electricity instead of \$5.50, \$6, and \$7.50 for the service. The purpose is to keep more parks open and available to the public. As an experiment, we will no doubt expand this number and may change the systems to keep our operating costs at a minimum. The admission charges have never paid the whole operating cost. The target is about 60 per cent, I believe.

9:30 p.m.

**Mr. G. I. Miller:** What about the total budget, like income versus expenses?

**Hon. Mr. Auld:** I cannot tell you the income yet, because we haven't got the final figures.

**Mr. Foulds:** As a matter of fact, we have not come to it yet.

**Hon. Mr. Auld:** No, indeed.

**Mr. J. Johnson:** Would there be any feasibility in the suggestion that there could be some type of system whereby a camper

could mail the fees into the ministry? In some of these wilderness campgrounds it could be a very nominal fee, because you are really not providing many services. At the same time, maybe they could use them, if not year-round, certainly for a good part of the year.

**Hon. Mr. Auld:** That would be pretty difficult. Somebody does go around the area. We have to be careful of fire, even at this time of year, and vandalism so we need to have somebody visiting the place once or twice a day, or perhaps more often, depending on circumstances.

**Mr. J. Johnson:** One of the problems of how to offer space is the fact that if you work during the week you come down late Friday afternoon and the campgrounds are full. This happens constantly during the summer. If you plan a trip and start out on a Friday, you know you have to take a private campground on the Friday, Saturday and Sunday because provincial campgrounds are full. It is only during the week you can get in.

**Hon. Mr. Auld:** We have a few that accept reservations and we expanded that slightly this year. It is a bit of a dilemma with the people who are not used to making reservations and who come along and see empty spaces because the people with reservations have not yet arrived. They tend to get upset and say: "I am a taxpayer. I should be allowed in." However, that reservation system has worked. The only problem for us is it takes more people.

The problem of weekend use is something like trying to build a highway for Labour

Day traffic, particularly good weekends. I think the answer is going to be an expansion of the combination of, say, a percentage of campsites available for reservation and an extra charge paid in advance to cover the cost of reservation, some charge so that people don't just reserve in two or three places and see how far they get.

**Mr. J. Johnson:** I am thinking more of people travelling rather than people who are making advance bookings. Perhaps you could have an overflow field where they could just set up a tent or trailer for the night as they are moving through. You have picnic areas in all of the campgrounds.

**Hon. Mr. Auld:** I cannot give you a list of them, but I have seen the areas we do not mark as overflow but we use as overflow. It is pretty hard for somebody with small children when they arrive at the campsite at 10 o'clock in the night and somebody says, "Sorry, you can't stop."

**Mr. Wildman:** You already have those positions. They are called access points where people camp. They are the real wilderness parks. I don't know what a wilderness campsite is.

**Hon. Mr. Auld:** If you are thinking of some spots I have seen at Lake Superior—

**Mr. Chairman:** We agreed to start at seven and finish at 9:30. Mr. Haggerty, we will resume again at 10 o'clock tomorrow morning and you will be first on the list.

**Mr. J. Johnson:** I have more questions.

**Mr. Chairman:** You can finish them tomorrow.

The committee adjourned at 9:34 p.m.

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No. R-41

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**Fourth Session, 31st Parliament**

Wednesday, November 5, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, NOVEMBER 5, 1980

The committee met at 10:04 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

On vote 2503, outdoor recreation program; item 1, recreational areas:

**Mr. J. Johnson:** Mr. Chairman, I think it was three years ago that the ministry brought in a policy regarding drinking in the parks. Has that been satisfactory? When I used to go camping, if a party pulled up beside you with a few cases of beer it was the equivalent of having a skunk walk through the campsite; you never knew what to expect. How has it worked out? Has the public accepted it?

**Hon. Mr. Auld:** It has been quite successful, Mr. Chairman. In fact, we added to the number of parks to which the ban applied. Initially there were 11 and this year we added nine, giving us a total of 20. The ban was for the month of May only, of course.

As I recall, last year I had one letter of complaint and perhaps 40 in favour. This year we have no complaints. I would say it has been an unqualified success. Since I brought them, I might pass around copies of a list of the parks to which the ban applied from May 7 to June 1, 1980; these were all the Brewers' Warehouses and LCBO stores.

**Mr. J. Johnson:** So it is your policy to continue. Thank you, Mr. Chairman.

**Mr. Haggerty:** Mr. Chairman, I was talking to the deputy minister, Dr. Reynolds, about the matter of lakefront property and the rights to beaches in Erie riding. I had some discussions and dialogue with him early this summer on a problem relating to property owners who live along the lakeshore who were dumping heavy boulders and rocks along the shoreline to stop the erosion of the sand along the lakeshore. By allowing this type of barrier, it will permit the residents to have access to the lakefront. It does raise a problem and has been an issue there for a number of years.

I can recall some 25 years ago the Conservative government of the province indicated it was interested in purchasing and developing land for a lakefront park there. Of course, there has been hemming and hawing over the years. At one time there was sufficient money to purchase land in that area for a lakefront park. For some unknown reason, promises were coming forward and, every time there was an issue, the ministry said, "Oh, we are considering a site there." But to this day there has been no site.

There is a site available today. It consists of about 75 acres with frontage of about 800 feet on Lake Erie. It lies a short distance from the Crystal Beach amusement park, which is now in the town of Fort Erie. The site was sold a few years ago. It is a nine-hole golf course and was a pretty good beach, which is excellent for small pleasure boats to come in and tie up. It was sold a couple of years ago to a group of Americans. It has recently been purchased by a group of interested Canadians in the area who are trying to make it a paying proposition as a golf course. They have done some major development along the beach and the shoreline. In fact, they have improved it so much they have had a number of people paying admission to come in.

In past correspondence I have brought to the attention of the ministry that now is the time to get in there and buy this piece of property. It is zoned for open space now. I have been to the Niagara Parks Commission, hoping the chairman would consider the purchase and tie it in with the old fort and extend their operations along the shoreline of Lake Erie to take in Rock Point Park east of Dunnville and the eventual park at Selkirk as parts of the Niagara Parks system. This is a good area to look at and, if the parks commission were looking after it, it would cut down on the ministry's staff.

10:10 a.m.

As I say, this site I am talking about is 75 acres, it has a nine-hole golf course and it has a fairly good beach. If there is not sufficient money in the golf end of it, the present

owners will consider developing it for housing. If it goes that way, that will be the last chance for this government to keep its promise and purchase some park land along the shores of Lake Erie.

I have had a number of inquiries in the past year. There are more fences going up along the lakeshore and people have no access to it. Some members talk about the northern part of Ontario; they should come down here where we have a 66-foot road allowance for a beach and maybe 2,000 or 3,000 people in that area on a weekend trying to get out to the lake.

There is a commitment and a promise by this government to purchase land and develop a park in that area along the lakeshore in Erie riding. There is a great need for it.

Hon. Mr. Auld: There are a number of provincial parks along Lake Erie, but the north shore of Lake Erie is a long distance. I am not familiar with the past history of that particular area; that is why I have asked Bill Foster to come forward.

Mr. Haggerty: It has quite a history. You have heard of the battle of Ridgeway; well, it is still there yet.

Hon. Mr. Auld: It depends on where you go as to who you are told won the battle of Ridgeway. Perhaps the same thing applies here.

Bill, could you fill us in on the history and what has been happening?

Mr. Foster: Mr. Chairman, the closest provincial parks to the area Mr. Haggerty refers to would be Rock Point and James N. Allen provincial parks, which are slowly being developed. The other major initiative in the area is the Short Hills park, which is some distance away. Also along the shore, there is a large park operated by the Niagara Peninsula Conservation Authority.

At this particular time, we have our hands full for that particular area from the standpoint of funding acquisition of Short Hills and proceeding with development of Rock Point. We could re-examine the potential of that particular site in view of the fact that there are owners interested in disposing of it. At the same time, we could also consult with the Niagara Parks Commission to see if there would be any interest from the commission.

Hon. Mr. Auld: The development of the other three parks you mentioned in the area is not complete. I remember being at Short Hills and one other, and there is still some time to go. I guess the answer, as Mr. Foster says, is that it is a desirable area. As I said last night, if we were to do anything,

it would be simply to acquire land, because as far as any development is concerned we are committed to completing what is now on our plate, which will mean more facilities for people in that area as a result.

I was not aware that the Niagara Parks Commission had been interested in it. I understood their interest went to Fort Erie and the surrounding area and they had no plans to expand farther west. However, I must say, looking at their annual statement, they are in better shape than we are.

Mr. Haggerty: I believe the revenue that is generated from the water rentals alone could finance practically all the Niagara Parks Commission parks.

The reason I bring this to your attention is that it is a tourist attraction in this area. Thousands of Americans come over and there is no place for them. I think the golf course itself will pay for the cost of the purchase over a period of 10 or 15 years. It is a green belt, it does have a lakefront property and it should be preserved. If it goes for development purposes, we lose that right and you have lost your commitment on that promise by this government.

The Short Hills park is more for the residents of the Niagara Peninsula, not so much for tourists.

Hon. Mr. Auld: Why do you say that, Ray? It is open to everybody.

Mr. Haggerty: In a sense, it is a restricted park; it is not open for all types of recreation. The conservation park at Wainfleet is a good park. It is well developed and it is used continuously but there is a problem there too. It too is overcrowded at times. That again is at the expense of the general taxpayer because he has to pay a big portion of that to the conservation authority in his assessment. It is not a provincial park.

Hon. Mr. Auld: Don't tell me that the taxpayers of the province, who include people in your riding, are not paying a big chunk—

Mr. Haggerty: There is more of an assessment charge on property based on per capita assessment. That is how the conservation authority raises its revenue. But I say this is a good thing.

There is good access provided to the Shirkston Beach area. It is private and it is well run. There is another operation east of there—two abandoned quarries. It goes to show you what you can do with abandoned quarries once the water level comes up. It is one of the most attractive recreation areas in the whole Niagara Peninsula and it is a profitable park. If the province wants to get rid of



any of these abandoned quarries, I will take one any time as long as there is water in it.

**Hon. Mr. Auld:** There is one in my riding and somehow the rumour got around that it was going to be drained. I started getting phone calls and letters from a number of people in the area. They have made it into their own minnow factory and they would not want the water taken out. They have been getting a great supply of minnows at no charge. However, for safety reasons it had to be drained.

**Mr. Haggerty:** I am concerned about the recent proposals by the Shirkston Beach owners who want to develop it into other things than recreation. It is now open space and you may find high-rise apartments in that area. You might find much of the access to that beach disappearing. In this instance, I advise you to take a good close look at this other proposal that has been put forward to you. I have heard rumours that Shirkston Beach may become a Las Vegas, a casino-type operation. Who knows what it is going to be.

**Hon. Mr. Auld:** How is it now zoned?

**Mr. Haggerty:** It is zoned as open-space recreation. They have bought up additional land throughout the area and they have big things in mind. I suggest that two miles of perhaps the most beautiful beach on Lake Erie may disappear and the public may not have access to it. If you are in that area, you should make sure that what access is left to the public does not disappear.

In the decision taken by Chief Justice Stark in 1975, he said because the province does not look after the beach the property owners butting it have access to it and become owners of that land to the water's edge, denying the public access. When you have a municipality of 25,000 people who want to get out to the lakeshore, there are very few places where they can get do that.

0:20 a.m.

I gave credit to the ministry in the past for setting up an agreement with the township of Bertie—now it is the town of Fort Erie—for the development of Point Abino Bay. This does provide access there, but there are so many boats out there that you have difficulty going out to swim or even to fish in the bay any more. They are anchored out there a quarter of a mile offshore and there are quite a few of them.

I give you credit for that. The ministry in the past has said this is crown land. That is perhaps the only area you really defined as crown lands and it worked out very well.

**Hon. Mr. Auld:** Bill says we will look into the property and see if it could be purchased.

**Mr. Haggerty:** I know it could be purchased.

**Hon. Mr. Auld:** To do what concerns you, to turn it into a residential area, it would require a zoning change, I take it.

**Mr. Haggerty:** That can come about very easily.

**Hon. Mr. Auld:** It would require it.

**Mr. Haggerty:** Some municipal councils just look at it and see they have chances for additional assessment; they do not realize what it is going to cost for the services and other things that have to come along with it.

**Hon. Mr. Auld:** I am thinking in terms of time, though. With the time it would take you to get an Ontario Municipal Board date, we do not have to run out this afternoon and check to see if it is for sale.

**Mr. Haggerty:** They have already applied for severances now along one portion of the road where there are services already, and that is just the stepping stone. Once you get it there and the other road goes down and it is surfaced—that will be the next step, that they will need severances given—then they—

**Hon. Mr. Auld:** The severance is no good unless the zoning is changed, though.

**Mr. Haggerty:** They already had approval for it once, so they will get it again.

**Hon. Mr. Auld:** We will look into it.

**Mr. G. I. Miller:** Just to follow up a little further on what my colleague has been saying about that area of the lakefront, what has the ministry done in regard to the Thomas Talbot Parkway, which was established, I believe, last year? The Minister of Transportation and Communications (Mr. Snow) was co-ordinating that. Have you had any input into it over the past year?

**Hon. Mr. Auld:** What district is that?

**Mr. G. I. Miller:** That is Highway 3 that runs along Lake Erie from Windsor to Buffalo. I think it was designated the Thomas Talbot Parkway and the Ministry of Transportation and Communications agreed to head it up and provide signing for it. The Ministry of Industry and Tourism was going to co-ordinate the recreation areas and, of course, the Ministry of Natural Resources was involved because of the many parks it owns along that lakefront.

Again, as my colleague has indicated, there is a tremendous amount of potential down in his riding, but I think it is being



co-ordinated across the entire lakefront through the regional governments and the county governments. I wondered if you have anything to report on what your ministry is doing.

**Hon. Mr. Auld:** Bill, are you familiar with what our part has been as far as input is concerned?

**Mr. Foster:** Mr. Chairman, this initiative is under the Ministry of Transportation and Communications. Our Ministry of Natural Resources, along with the Ministry of Industry and Tourism and others, have been participating in developing the plan. It is moving along, as far as we know, and will be advanced by the Ministry of Transportation and Communications. The plan, as I understand it, is to designate that area a parkway.

**Mr. G. I. Miller:** How closely are you working with the Ministry of Industry and Tourism in putting out their encyclopaedia designating various areas in Ontario for tourist information? Have you been involved in that?

**Hon. Mr. Auld:** Our activities with Industry and Tourism generally relate to the regions and the regional tourist councils, and information, say, at the park entrance booths, where we have information on the immediate area. We have limited information on the whole province. We are not as well supplied as the ministry's border information points, but we have a good deal of information on parks of our own and we have information from what used to be called the regional tourist council and is now called something else.

It is basically an area group set up by chambers of commerce, boards of trade and tourist associations. It gets support from Industry and Tourism in terms of an annual grant. It produces information relating to the region or district and dispenses it through its own tourist information booths, chambers of commerce and that sort of thing. We have that information generally available, whatever there is, in our park offices. In some places, I guess, there would be some in a district office, but it would be a relatively small amount. If somebody is looking for that kind of information, we send him to the regional tourist council.

**Mr. G. I. Miller:** Do you have anything in the budget then, or you are not aware of anything in the budget to help co-ordinate this?

**Hon. Mr. Auld:** There is not a specific item. It would be done through, I guess, the London southwestern region, and our end would be several things. Actually it is done

now, indicating where provincial parks are. There are signs along Highway 3.

**Mr. G. I. Miller:** But I think, Mr. Minister, this is a special program, which began only last year, to encourage development. The regions and the counties have been involved. As a matter of fact it was kind of controversial because of the type of restraint the regional government was applying. They did not want to contribute too much. I think one mayor—Mayor Abbott of the township of Norfolk—said he would give \$50 out of his own pocket because he could not get general support.

But I feel there is a tremendous amount of potential there to attract people to the provincial parks. We have access to so many millions of people—Detroit, Buffalo, Toronto—within 70 or 100 miles of that area. The parks are not being utilized now as extensively as they could be; for example, Selkirk park only ran at about 25 or 30 per cent of its capacity all last year. I think also of Long Point park. The Grand River Conservation Authority has its park, as Bill indicated, the Byng Valley, which has a lot of capacity. We have a lot of private parks as well.

I think perhaps we should be focusing in on them and providing a little assistance to co-ordinate this. I think the Minister of Natural Resources has a role to play here to support the regions in what they are trying to achieve. The ministry should encourage this rather than discouraging it.

**Hon. Mr. Auld:** There is at present a program that Industry and Tourism has had for many years—it started when I was in Tourism as a matter of fact—which supported at that time on a matching basis the money raised locally for area promotion. The province is taking the responsibility for province-wide promotion.

That has been expanded. It is now a different formula. There is a base amount and I am not sure exactly what the formula is for matching local contributions. But since there is a great local benefit, obviously the local communities should also be participating—not only financially, but with their own organizations. Something that has been done in eastern Ontario, and still is done, is to take the waitresses around to see the local attractions that is, when the waitresses are not the local attractions themselves.

The people who see the tourists are the people who work in gas stations, the people who work in retail stores and the people who work in the food industry. The best advertising, which is word of mouth, has been done when you hire a bus and take these

people around to see the things in the community that are of interest to visitors. Generally the people in the community do not pay too much attention to them because they have always been there. But it is surprising what you can do in getting people to talk about the area. I am not in Tourism any more, so I should stop that.

10:30 a.m.

Our job—and there was a bit in the speech from the throne—is to promote provincial parks and promote them for the benefit of the area. We have hopes for some additional money for next year. We already have the approval of management board for a modest amount for preparation of material—\$300,000.

I cannot tell you exactly what we will be doing next year until we see what gets into our budget. The plan is to point out the things of interest in provincial parks to people who are not camping there, who just want to come for a day, for the nature trails, demonstrations, guided tours of the flora and fauna and that sort of thing, done in conjunction with the various community organizations. That will certainly apply along Highway 3.

We are interested in more people visiting our parks, of course, but they have been well signed for years—both provincial and federal parks. The Ministry of Transportation and Communications has had a program, so it is not likely that anything additional is being done along Highway 3. The Thousand Islands Parkway uses the same signage. There are indications on Highway 401, of course, of where provincial and federal parks are located, and in fact county parks where there are some.

**Mr. G. I. Miller:** I wondered if you might set something aside for that particular project, which is just getting off the ground, known as the Thomas Talbot Parkway. In 1981, if something could be done to bring together the regions, the private people and the different agencies through the Ministry of Natural Resources, I would hope you could give it consideration.

You indicated the other night that we have been subsidizing those parks at 45 per cent. Their revenue versus expenses is only 5 per cent. If we really want to do something about our deficit that is one area where we could try to encourage the use of the facilities we do have.

**Hon. Mr. Auld:** Let me read you one bit of information that relates to far more than Highway 3 but covers the area you are talking about. I talked about stimulating tour-

ism through provincial parks. Working in conjunction with the ministries of Industry and Tourism and Northern Affairs, we are contributing to the Canada-Ontario tourism development subagreement, which is to go to the Department of Regional Economic Expansion. This proposal seeks assistance in the development of four general areas related to parks and tourism: tourism facilities, research and data base, client services, and administration and publicity.

The emphasis on parks appears under the tourism facilities section. It includes: promotion of the provincial parks system as a tourism attraction; enhancement of visitor services facilities and attractions within provincial parks, which would be a capital expenditure on our part; feasibility studies for new resorts associated with parks—that might apply in that area because I know it applies in some of the areas of north-central Ontario; extension of the operating season for parks, which we are doing; upgrading of the quality of existing facilities, and the development of a four-season outdoor recreation trail system, of which we are doing some now but a fairly modest amount. We have snowmobile trails and cross-country skiing trails in some parts and nature trails in the summertime. We would like to expand that, particularly if we can get some DREE assistance.

**Mr. G. I. Miller:** Can you have any input into providing accommodation such as motels?

**Hon. Mr. Auld:** We have studiously avoided that. The only place there is accommodation is Algonquin Park. That is privately operated and has been there for years; there are two or three private operators there. We have no plans for developing that sort of thing in our other provincial parks.

Interestingly enough, in the survey we did in February of last year we piggybacked on the Gallup polls and got comments on the park system. One of the things that a surprising number of people answered "yes" to was, "Would you like to see pay accommodation in provincial parks?" But I do not think we are likely to get into that for a variety of reasons.

**Mr. G. I. Miller:** There is not much accommodation, particularly in the Port Rowan area at the base of Long Point. There are a lot of attractions in that area but there is no motel or similar accommodation. There is the provincial park, but it is only for campers. If you are going to open the parks year-round, there have to be some permanent facilities.

What I am saying is that you have to tie it all in together if we use the advertising to get the people directed in that direction. Energy is going to play another important role. If the public is made aware, these things can all go hand in hand. I hope your ministry might give some assistance there.

I do not want to take a lot of time from some of the other members but there is one other question I would like to ask in regard to the same program. The Great Lakes access program, which was in place in 1975, has not been carried out to improve marinas. I mentioned it the other night but did not really ask the question: Are you going to provide more funding through that program?

A letter of October 23, 1978, signed by yourself, indicated there was substantial response to this program when it was introduced in 1975. It said: "Fifty-two of 210 municipalities contacted wished to participate. However, we were reluctantly forced to withdraw funding because of other higher-priority demands on available funds."

We have some marinas along the Great Lakes that never have had any assistance to my knowledge but there is a federal small craft program that would provide funding. It would improve the attraction if your ministry would provide some funding through this program.

**Hon. Mr. Auld:** Things have not improved greatly as far as money is concerned. Perhaps Ron Vrancart, director of the parks branch, might comment on your observation.

**Mr. Vrancart:** Mr. Chairman, yes, that program was dropped because of a lack of funding. However, at this time the Ontario government and the ministry are negotiating with the federal Department of Regional Economic Expansion in the hopes that additional funding under a tourism subagreement would be made available to re-establish essentially the program that the member described, to increase access to the Great Lakes and assist in development of new marinas around the Great Lakes.

**Mr. T. P. Reid:** Mr. Chairman, I would like to shock everybody by asking a question about money under vote 2503. Under recreational areas, there are wages of \$17,348,000. Is that pretty well for parks personnel? I know it is a rare occasion when people ask about the actual money that is being spent.

**Mr. Eckel:** This amount does deal principally with parks, although in this particular activity we deal with parks and recreational areas including certain recreational develop-

ments on crown land. But essentially we are talking about parks operation.

**Mr. T. P. Reid:** But also crown land.

**Mr. Eckel:** Yes.

**Mr. T. P. Reid:** How many people does that involve? Just a gross figure.

**Mr. Eckel:** In terms of classified staff in the recreational areas activity, we are talking about 385. Added to that for seasonal activities you have 897 more.

**Mr. T. P. Reid:** In fish and wildlife, one of the things that concerns me is that under that first vote we have a total of \$28 million, almost \$29 million, and under vote 2503 we are spending \$8.2 million on the St. Lawrence Parks Commission. Those figures seem to me to be somewhat out of whack. For the entire parks and crown land system we are spending \$28 million and under St. Lawrence Parks Commission we are spending \$8 million. We are spending almost 33 per cent on the St. Lawrence Parks Commission of what we spend for all the parks and crown land in Ontario. Would someone like to comment on that?

**Hon. Mr. Auld:** I am sorry, I was talking to the clerk of the committee about something. I did not get the basis. You are talking about the amount we are spending in salaries for outdoor recreation?

**Mr. T. P. Reid:** The total amount is \$28 million for all the parks and crown land in the province, and we are spending more than \$8 million on just the St. Lawrence Parks Commission.

**Hon. Mr. Auld:** When we get to the St. Lawrence Parks Commission on the last day, I think you will find—and the chairman today is a member of the commission—the amount of money spent on the St. Lawrence Parks Commission includes a variety of things, including the cost of all the things it sells. I do not have the breakdown in front of me, but the St. Lawrence Parks Commission has a very large retail operation, if I can put it that way. Under the Financial Administration Act, all the money that is spent to buy ice cream, souvenirs and things that are sold has to be voted. Consequently, the net amount of the St. Lawrence Parks Commission is considerably less than that.

Another very large item in the commission, which in a way is employment, is the Old Fort Henry guard of some 115 to 120 people. It is a major tourist attraction in eastern Ontario and, in fact, is of world-wide renown. The other major thing that has a high salary component is the operation of Upper Canada Village, which brings in



a lot of revenue. I cannot tell you how much offhand, because the figure escapes me at the moment. I do not think it breaks even in its operating expense, but it darned near does.

**Mr. T. P. Reid:** Following the comments my colleagues have made and what you are saying about the St. Lawrence Parks Commission and Upper Canada Village, one would just wonder whether perhaps they would be better placed under the Ministry of Industry and Tourism rather than under the Ministry of Natural Resources. I just want to know that out.

**Hon. Mr. Auld:** I can answer that question, because I have answered it several times before. The agreement between Canada and Ontario and New York and the US said a commission would be established. On the American side they have something they call something different, but they have a series of parks and so on which were basically to compensate the communities that were losing a lot of their recreational area and land for the flooding that was required for the headpond for the power development at Cornwall. That is why there still is a commission.

**Mr. T. P. Reid:** I can understand that. It seems to me they are more tourist attractions than natural resource functions, but I am not overly concerned with that at the moment.

**Hon. Mr. Auld:** I would not mind if we had Old Fort William again.

**Mr. T. P. Reid:** In regard to recreational areas and crown land, I want to make my pitch again about the restriction of use of crown land to our nonresident visitors. I have asked you questions about this in the legislature before. It is interesting that when we were doing the estimates of the Ministry of Northern Affairs on Monday in the Legislature, I put this question to the minister (Mr. Bernier). He said that when he was Minister of Natural Resources there had been, as I well knew, a pilot project in northwestern Ontario in the Kenora-Rainy River areas to restrict access to nonresidents. I would like to discuss the matter in the context of both the recreational areas and the fish and wildlife situation.

We are facing serious decline in the moose population. It is down, by your own figures, about 35 per cent from 10 or 15 years ago. There is a declining deer population. We are having serious problems in northern Ontario with our fisheries, particularly our trout fisheries. These trout fisheries are being eliminated, I believe, mostly because of winter ice fishing. I am particularly sensi-

tive to this because I live close to the American border.

We have followed in Ontario a policy of unrestricted access to crown land to nonresidents. They can camp up to three weeks on crown land without any charge. Many of them come over. We refer to them in the north as pork and beaners. They bring everything with them. A lot of them buy at most, either a fishing or a hunting licence. That is their only purchase on occasion.

When I was a student attending university I worked on the border as customs officer and periodically we used to take a survey for what is now StatsCan on the amount of money that some of these people spent, particularly when they were in Ontario. I was shocked to get some of these surveys back indicating that a party of four had spent a total of something like \$12.50 after nine days in Ontario, the price of four fishing licences at the time.

Our fish and game resources are under heavy pressure with more people hunting and fishing. Yet we persist in a policy of literally giving these resources away to our American friends. The other aspect of it is obviously it hurts the tourist business. I can quote you example after example of people with tourist lodges or facilities where Americans will come and camp on the beach next to their property for a week, or two or three days, or whatever. There is no incentive for people to stay in tourist facilities or provincial parks when the cupboard is open. That is what we have been doing.

We have a problem with conservation over limits of game and fish. We have a restricted number of conservation officers and I will make a plea again for more. But if we had 100 more we could not cover all the area in northern Ontario. If nonresidents were restricted to licensed tourist operations or provincial parks, motels or hotels, or something of that nature, then one conservation officer, merely by dropping around early in the morning or late at night, could cover all these people who have been out hunting or fishing the night before. It would also help to solve the garbage problem, because you would not have as many people in the bush.

10:50 a.m.

I readily admit that Canadian and Ontarian residents are just as bad on occasion, but, after all, they are residents and they do live in this country. That does not excuse them in the sense of leaving their garbage in the bush, but Ontario residents pay taxes, they live here and it is their country, yet they are often muscled out by the number of

Americans who are camped at an access point or on a particular lake or wherever.

It boggles my mind why we keep insisting on following this policy. We are giving these resources away for nothing. We are not providing any incentive to the tourist business, which in the north is the third largest industry and employer. There is not going to be anything left in a few years unless we take some action now. I do not understand why you do not move to require nonresidents visiting the province for fishing and hunting experiences to use a licensed premises, whether it be a hotel, motel, tourist camp, provincial park or trailer park.

The Minister of Northern Affairs indicated the other day that he certainly was in favour of it. I attended the meeting of the North-western Ontario Campowners' Association two weeks ago in Nestor Falls. They passed a resolution in regard to this. The Northern Ontario Tourist Outfitters Association a few years ago, I believe it was in Sudbury or North Bay, also passed a resolution in regard to this. It makes no sense that part of the government is supposed to be promoting tourism and the Ministry of Natural Resources, on the other hand, is giving away the tourism package for us in northern Ontario.

There are very few states that I know of, if any, in the United States where you can go, take your boat and motor, and fish and hunt without staying at a tourist lodge or some motel, hotel or licensed premises.

I would urge you again, as strongly as I can, to look into this. People are getting fed up with it in northern Ontario. They are seeing their resources depleted. There are not enough to go around and yet all we are getting out of some of these people is the fishing and hunting licence. Some of them are not even buying those. Parenthetically, I would throw in that we should be restricting the fishing licence to a maximum of a two-week period and if they want to keep coming up, they have to buy a new fishing licence.

My main point is that if we are going to provide jobs, if we are going to provide revenue in the tourist industry, if we are going to be able to manage our wildlife resources and fish resources, we have to have some controls on these people. There are none now. They have unrestricted access to crown land. If we cut those people off, I do not see how we are going to lose very much. Those who want to come to fish and hunt are going to come to fish and hunt and are going to pay the price. Perhaps we will

lose the pork and beaners, who tend to be the cheapies and who do most of the over-fishing and overhunting. They will not be a loss at all. I feel very strongly about this, as do the people in northern Ontario.

With the hunting pressure and the fishing pressure getting so great, we have people travelling from southern Ontario to fish and hunt in northern Ontario. They are running into the same thing. They cannot get access to a lake because American trucks and campers are right in there. It is an amazing phenomenon to me that every time there is a new road opened, whether it be a forestry road or whatever the Americans know about it before we in the community do. We might say, "Let us go fishing up this road," but when we come to the end of it there are 12 recreational vehicles, all with licence plates from Minnesota, Iowa, one of the Dakotas or Nebraska.

**Mr. Foulds:** If the ministry has not ripped up the road in the meantime.

**Mr. T. P. Reid:** Yes, it is an amazing phenomenon. In particular, all those areas that are close to the border are really being hit hard by this. We are not going to have anything left.

Some of the tourist operators, I can tell you, were pretty upset when they heard about your program at the Sportsmen's Show in Toronto about discovering crown land. That may be all right for the local Ontario residents, but there are a lot of Americans up there. They do not need any more encouragement to walk into our kitchen and help themselves out of the fridge for nothing. That is what they are doing.

When are you going to stop it? When are you going to bring in a program, phase it in if you like over a three-year period, and start saying: "Ladies and gentlemen, we cannot afford this any more. The pressure is too great. We are not going to have any wildlife or fish resources. We are not going to have a tourist industry unless we bring a halt to this?" Require them to stay in licensed premises.

**Hon. Mr. Auld:** Pat, I was aware of this from my days in Tourism. It is interesting that you mentioned Leo because it seems to me that when he was Minister of Natural Resources he attempted to do something about it. There were some problems. I am going to ask Lloyd Eckel to pursue this.

Briefly, let me say it is a real problem to my ministry for a variety of reasons, such as the garbage, the fire hazard, the overuse of the resources such as fish and game, and the sort of thing. However, there are some very



real problems. You mentioned licences. We have discussed this with the Northern Ontario Tourist Outfitters Association and we now have a variety. The big problem is the outfitters are not very keen on what you were suggesting because some of their clients come for a week and then come for a week later on in the year. You get into administrative problems when you issue licences, and that sort of thing.

We are working on that part. Lloyd, would you talk about the experiment that was done some time ago?

**Mr. Eckel:** Yes. We would agree that some restriction on the use of crown land by residents and nonresidents has advantages. We discovered from our experiment, though, it is extremely costly to achieve the control that would be necessary to ensure people are going to lodges, in the case of the nonresident, or going to campgrounds, in the case of the resident. Over a couple of years the experiment cost us about \$500,000. At that time we called a halt because of the problem of control.

We have not abandoned our pursuit of some way of controlling the nonresident, getting him into the tourist establishments—

**Hon. Mr. Auld:** Or the parks.

**Mr. Eckel:**—or parks, while, at the same time, not killing the goose that is laying the golden egg. There are \$6.6 billion now of tourism-related expenditures in Ontario, and about \$1.5 billion of these are related to hunting, fishing and parks. With the federal government we are now attempting to increase this, to expand tourism in Ontario.

At the same time, one has to be cautious. I think you will agree we do not do things that will be perceived by the American market—it is not the only one, but it is one of our main markets—as not wanting it, by putting restrictions on and making a place less attractive. Nevertheless, in the moose allocation we are going ahead, for example, with the harvest number and the allocation of the number. We will try to keep that, through various techniques, if we can go into the fish and wildlife item, and restrict the nonresident take to 10 per cent of the harvest and leave 90 per cent to the residents.

That is one way we are attempting to meet the point you are raising. But we always have to remember not to do things that will be perceived by Americans as making Ontario less attractive. If we do that, we are defeating the other tourism thrust that we are trying to launch with Ottawa and the Ministry of Industry and Tourism.

**L. a.m.**

**Mr. T. P. Reid:** Mr. Eckel, I reject entirely that kind of defence. I think it is an insult to the committee for you to try to defend your lack of action with that kind of defence.

The Americans themselves in their own states cannot do what we allow them to do in Canada. They have fished out and hunted out their own areas. That is why they come to Canada and Ontario because we have fish and game. That is why they travel so far to fish and hunt, and they do it more cheaply in Canada and in Ontario than they can in their own states. That is stupid, completely ridiculous.

I would like to know if you have any figures for the number of people who come to Ontario. This is part of the problem, that the Ministry of Industry and Tourism—the minister will be aware of this—seems interested only in clicking that little clicker as people come across the border without being concerned about the amount of money they are leaving here. That is what tourism is about, let us be frank. It is plucking as many dollars as possible out of that tourist and giving him the best experience we can for the number of dollars. We are giving him a fantastic experience for peanuts.

In northern Ontario, through the border at Fort Frances, I would say from my personal experience that three out of five are coming here as pork and beans, bringing all their own equipment with them and not staying at any of these licensed premises. I will bet we could double or triple the amount of revenue from the tourist business in northern Ontario if we cut them off from crown land.

What are we going to lose by cutting off these people who refuse or don't wish to stay at a licensed camp? Those people are not going into the stores and buying souvenirs. They are not buying food; they are bringing it with them.

**An hon. member:** They even bring their own gas.

**Hon. Mr. Auld:** They are not bringing their own gas at the moment.

**Mr. T. P. Reid:** Well, they used to bring their own gas with them. It was not unusual at the border crossing to see a great big streamer trailer carrying two boats and two motors. Now they have trail bikes on them as well, for God's sake. They are bringing everything, including the kitchen sink, because these vehicles are outfitted with everything.

**Mr. Bolan:** I saw one with a bathtub the other day.



**Mr. T. P. Reid:** You are talking about cutting them off. You are not going to cut them off at all. You are not going to cut off the ones who are coming and staying in these premises now because they are not going to be affected. The only ones you are going to cut off are those who are too cheap or, to be fair, prefer to camp out in the bush. I accept that, but we have provincial parks and trailer parks and we should give them a great boost.

People come to me and say, "Should I start a park?" I say, "Why should you when they can park right next door to you for nothing?" These kinds of people are not going to use them. All we are going to lose are the ones who are helping themselves for nothing. I completely reject that attitude of we are going to upset them very much, because they cannot do it in their own country. As a matter of fact, Americans say to me, "You people are nuts. We like it but we wouldn't allow this in the United States. It is just ridiculous.

Let me go back to one point. I have seen the survey or study that was done after Mr. Bernier's grand experiment, which I take some credit for forcing him into, when we had the land use committees which were done away with after the pressure got too bad. I have studied it and I suppose the results of that research were fair in the sense of the conclusions that were drawn, but the program was really never pursued. There was never any attempt by conservation officers or other officials to deal with the problem, because we got into things like fire seasons and they had other things to do.

It did have an impact on forcing some of these people into licensed, revenue-producing operations. I think the way we should go about this is to go to sports shows and hand out pamphlets saying, "Sorry, but after this year you will not be able to camp on crown land." If you want, bring in some kind of licence, although I don't like that idea. Hand out brochures at the border saying, "In 1982 I am sorry but you are going to have to stay in licensed premises. Contact the Ministry of Industry and Tourism or the Ministry of Natural Resources for a list of where they are. You can't do it any more." Just cut it off completely.

We are all concerned about conservation, the Americans as much as anybody else, and they will understand. They have to understand, as we all do, that we have to pay for what we get these days. Otherwise, not only are you doing a disservice to the tourist industry, but you are ruining what fish and wildlife we have left and you have no con-

trols on it, none at all. You have one conservation officer for about every 25,000 square miles and they are spread all over that 25,000 square miles. You have no controls on it. What are you going to do about it?

**Hon. Mr. Auld:** The only thing I can say is I will take another very good look at it. I am sure you realize that part of our problem is that vast expanse of land and part of the problem is historical. Crown land has always been available to Canadians and nobody attempted to actively distinguish.

I suppose you can look at a variety of approaches, but they all require people and we have to husband people pretty carefully. As far as conservation officers are concerned, though, we have appointed a good many more from within our own ranks for special events, these are people with the training and authority of conservation officers. As a result of that and some other things we expect to be doing, it may well be that we can get some sort of effective policing.

What comes to my mind, and certainly to that of northerners as it is so obvious, is the incredible expanse. There are now forest access roads which are open to the public and the difficulty is keeping track of who is up the road, whether he is around the first turn or at a lake somewhere further up. The ideal and also the dilemma of keeping the roads away from the lakes—and yet not too far away in case we want to use them for firefighting and landing people in lakes and that sort of thing—doesn't make it too easy.

If we were to do as you suggest and start warning people from outside the country they could not camp on crown land or on private land, for that matter, unless it is a properly licensed operation—that happens, as you know, in some places because people don't know whether it is crown land or private and just pull in because nobody is there—that would be fine and might be effective for a while. But if there were no effective enforcement police, the same people you are talking about who come across from International Falls and up that route, would know not only when the latest forest access road was opened, but also whether anybody had ever been pinched there for camping illegally. That word gets around even more quickly, so we would have to have some effective enforcement system or it would just be a waste of time.

**Mr. T. P. Reid:** If you made the fine heavy enough—

**Hon. Mr. Auld:** I can't make the fines. There is legislation for that.

**Mr. T. P. Reid:** But you can change the legislation. Legislation under the Crown Lands Act, I believe, now allows them to camp on crown land for up to three weeks.

One thing has been happening very regularly; some of these people go to a sports show and come up and go to a licensed camp one year to fish or hunt or both. The next year that same person comes up with five or six, or in some cases a dozen, people and acts as the guide. He says, "Boys, for \$25 a head," or \$50 a head or whatever as they charge varying rates, "I will show you where the fish and the game are." This is going on, they are operating as tourist operators in Ontario, unlicensed and all the rest of it. That is a major problem. It doesn't happen that irregularly that it can't be a problem.

11:10 a.m.

If I were a tourist operator, I would want to wring everybody's neck in the Ministry of Industry and Tourism and in the Ministry of Natural Resources. Your own people in the field feel this way. The point of the enforcement is, if you ding a few of them a couple of times, the world will get around soon enough. You don't have to get everybody. To say we don't want to bring in a law because we don't think we can enforce, it is the same as the law against drugs or marijuana.

**Hon. Mr. Auld:** There is a good deal to be said for heavy penalties as a deterrent because they will reduce our enforcement costs. Not all the courts agree with that, of course, from what I read. However, as I say, I will be taking another look at this. I have never been to a meeting of the Northern Ontario Tourist Outfitters Association when this question has not been raised in some form or other. I know it doesn't cheer up a lot of our own staff because of the way most of the people who do this act as far as our resources are concerned. I will undertake to give another go at it and see how we might proceed.

**Mr. T. P. Reid:** I would appreciate that. Will you report back to the Legislature? Will you make a statement on this some time, presumably in February or March?

**Hon. Mr. Auld:** I will try to.

**Mr. T. P. Reid:** I have just one other item which relates somewhat to what we have been talking about. I touched on it briefly. I am referring to the lake trout population.

**Hon. Mr. Auld:** Are we now on the second item, Mr. Chairman?

**Mr. Chairman:** Yes. But Mr. Foulds wanted to speak on it.

**Mr. Foulds:** Mr. Chairman, it is not very often I get an opportunity to associate myself entirely with the principles the previous member has enunciated. We often disagree on policy.

I want to add one or two things. I also think it is entirely reasonable for us to insist that over the next few years nonresident users of our resources—

**Hon. Mr. Auld:** You are now speaking of non-Canadian residents?

**Mr. Foulds:** Non-Canadian—use a guide if they are hunting or fishing in our province. That would add considerably to our employment, so we would get some benefit, and it would add to conservation.

I know the frustration of which Mr. Reid speaks, because people in my part of the province, who aren't as directly linked to the border crossing as he is, feel the same kind of anger and frustration as they see what they rightly consider their resources slipping away from them with no return. Minnesota, for example, which is right across the border, requires on the part of somebody who comes into Minnesota the kind of commitment that Mr. Reid is talking about. So, as I say, I entirely support the principles that he has enunciated.

**Mr. T. P. Reid:** That doesn't mean I am wrong.

**Hon. Mr. Auld:** But you had better start working.

**Mr. Foulds:** Now I will see if I can get him to reconsider his position.

I want to talk a bit about parks on this vote and I want to talk a bit about wildlife management. Perhaps I will just do the business about parks right now, and we can then pass that item, unless other members have remarks to make about parks.

I was going through the budgetary figures as well last night. What struck me and what appeals me, frankly, is that the budget is effectively reduced for parks and outdoor recreation. We have roughly \$500,000 coming in from the Ministry of Northern Affairs. As you go through the items, you see that, for recreational areas, the increase is 2.5 per cent; for crown land recreation management, the increase is 1.9 per cent; for park management, the increase is 2.2 per cent; and for park improvement, including park replacement, redevelopment and upgrading, the increase is 2.4 per cent.

I find that appalling, because what you have done is you have substantially reduced the funds that we are able to direct towards parks. I have this uneasy feeling that, if it is not part of this ministry's strategy, it is part of the government's strategy to divest the Ministry of Natural Resources of responsibility for administering parks. As a result, you get this confusion that Mr. Miller talked about: You seem to be shoving on to conservation authorities responsibility for administering parks and on to commissions, like the St. Lawrence Parks Commission, an increased responsibility for developing parks. Frankly, I think your ministry should be responsible for parks and park development, and it should actively manage the parks the way it talks about actively managing our other resources.

What effectively has happened in this year's estimates is that you are starving the parks budget and, because of that, the ministry is becoming more and more an exploitation ministry. That happens with regard to our fish and wildlife, it happens with regard to our mining and it happens with regard to our forests. I would like to see this component, which is not an exploitation component but is an actual use component of our natural resources, emphasized more strongly in your ministry.

I understand that we need a mix in park opportunities—a mix between wilderness and family campgrounds, and between day use and week-long use—but I am convinced, when you take a look at the statistical use of parks, like Kakabeka Falls and Sibley in my area, that we are in need of an expansion of our parks facilities. When you take a look at what is happening in society generally, with an increasing pressure in terms of inflation so that people cannot take as many foreign holidays as they used to, and when you see the increasing costs of energy, I think there is a real opportunity here for Ontario to develop its own local parks for the use of its local residents.

I am pleased about at least two of the things that were talked about previously. One is the extended seasons for some parks; I think that is an idea that should be expanded. Frankly, I tend to use the parks when they are not open in the regular season. I use them in early spring, in May, and I tend to use them in September and October, because they are quiet, pleasant and attractive. That is when I can have considerable fun with my children and my family.

I want to emphasize, because I don't think I am all that unusual, although some mem-

bers of this committee think I am, that, as Mr. Johnson expressed the other night, the increasing use of parks by families is important. It is important not merely in the sense of using the parks but also as a part of our society's concept of itself and what its resources should be used for.

The one thing I am pleased about here is that you yourself, and I hope your ministry, seem to think that an increasing day use of parks for nature trails and viewing opportunities should be promoted. I hope your ministry will actively promote that.

11:20 a.m.

I think it is important to increase our parks and our park capacity, not merely our park reserves—I want to get talking about park reserves in a minute—and I think it is important to do it in the urban centres near southern Ontario so that our urban population can take advantage of a park experience. I know the difficulties: there isn't that much land available.

I also think it is important to develop park opportunities near urban centres in northern Ontario. It is appalling that, if I am not mistaken, there is no park opportunity between Sudbury and Sault Ste. Marie. I think it is important, for example, to develop additional park capacity near the urban centre of Thunder Bay. Kakabeka Falls and Sibley Park are fine parks, but the pressure on them is becoming increasingly heavy. That is one of the reasons I suggested during the summer that you develop your park reserve at Dog Lake. That kind of a park at Dog Lake would have increasing local use and, therefore, free up some of the spaces now taken at Sibley and Kakabeka Falls by other Ontarians who travel longer distances and other Canadians travelling across the country.

Another point I would like to make, and I want to put this to you as strongly as I can, is that I don't think your privatization has been an overwhelming success. I don't think it has been a failure, but it hasn't been an overwhelming success. Frankly, I think your staff and your ministry can run park as efficiently and as well for the people of Ontario as a private operator under a lease from your ministry.

At this point, to urge a much stronger commitment next year, I would like to see us actually develop and open a couple of new parks through next year's budget, because it certainly isn't happening in the estimates we have before us.

Hon. Mr. Auld: If I may answer the last wish first, so would I; but in the jargon I am not holding my breath. As I said la



night, there are a number of unfinished sites in heavily used areas which require our attention, and there are heavily used areas all over the province. By and large, and speaking in terms of major areas, we have found that in the north the season is shorter and the number of times the majority of parks are filled there is very few.

Let me speak for just a moment on that \$435,000 you mentioned.

**Mr. Foulds:** From the Ministry of Northern Affairs.

**Hon. Mr. Auld:** If you look at page 74, you will see what it is for. It is taken out of our budget sum for Northern Affairs and Northern Affairs is transferring it back to us for these three projects, which are capital projects. You are familiar with Ouimet Canyon.

**Mr. Foulds:** Yes. I am familiar with all of them—with Ouimet and Kakabeka.

**Hon. Mr. Auld:** We are putting up a fence, viewing area and other stuff in there. While it is true they are coming from Northern Affairs, before Northern Affairs came along we were responsible for those things anyway.

**Mr. Foulds:** That is exactly the point I am making. Northern Affairs was supposed to do something in addition. What they are doing is simply replacing funds that are being taken out of your budget and every other ministry's budget.

**Hon. Mr. Auld:** And perhaps rearranging northern priorities on a northern basis rather than on an individual ministry basis.

**Mr. Martel:** You mean Mr. Bernier's priorities.

**Hon. Mr. Auld:** I mean northern priorities as seen by the Ministry of Northern Affairs.

**Mr. Martel:** As seen by the Minister of Northern Affairs, the biggest boondoggle going.

**Hon. Mr. Auld:** Moving back to these estimates, I can tell the committee that as far as I am aware—and I think I would be aware of it if there were any thought of removing provincial parks from the Ministry of Natural Resources—there is no such movement afoot. If you go back to the government reorganization, the St. Lawrence Parks Commission—which has two functions: the so-called historical parks of Upper Canada Village and Old Fort Henry, to a degree the park at the end of Highway 33 at the Bay of Quinte, and some other roadside parkettes along Highway 33 which include historical buildings—has a number of parks on the St. Lawrence River and in the counties leading down to West Lennox and Addington whose

operation is almost exactly the same as our provincial parks.

The Ministry of Natural Resources' involvement in Old Fort William was taken over by the Ministry of Culture and Recreation at the same time as Sainte Marie Among the Hurons, because it was a historical park and of more cultural and historical significance than recreational. The St. Lawrence Parks Commission is a combination of both, and it is for the reasons I stated a while ago that the commission continues.

We in the Ministry of Natural Resources decide our own priorities among different activities—parks, reforestation, fish and wildlife propagation, the strategic plan on fisheries, the moose program, the deer program and that sort of thing. As far as I am concerned, I would like to see more money for a number of our items, but I am satisfied with the financial priorities as we have set them, having regard for all the responsibilities we have from both a recreational and an economic point of view.

I would like to see a number of programs increased, if not changed, so they would be available in more places. There are additional park areas or areas we would like to see as parks that I would like to see, in the latter case, acquired, and, in the former case, developed.

But I do agree with the policy of completing what we at present have on our plate, for a number of good reasons. First of all, we are not getting the benefit in many cases until the whole operation is completed. From an administrative point of view, when a park is under development there is little revenue, there are administrative and staff responsibilities and there is very limited service to the public.

As long as we are going to have a restraint program to balance the provincial budget, which I also support, obviously no ministry is going to be able to do all the things it would like to do.

11:30 a.m.

**Mr. Foulds:** I would just like to point out that one of the things that has happened with this ministry is that it has underfunded its reforestation program—we will get to that when we get to that vote—and it has underfunded its wildlife and fish management programs. Now that the pressure of those is very high, you are underfunding parks within your framework to counterbalance, to give those emphasis. The problem you are facing at the present time arises from this ministry's previous priorities and is of its own making. Although you can get out from under the

responsibility by saying you were not the minister, you sure were a member of the cabinet.

We have foolishly squandered our resources. Now that we are facing the crunch in terms of income, we are squeezing one of the things that has been a pride in this province, our parks, because you have to find some money somewhere for the things you have been underfunding in the past and for which you should have been getting more revenue.

**Hon. Mr. Auld:** I do not want to get into a philosophical discussion on the provincial budget, the social services, growth and a whole lot of things that cost a lot of money. I will just say that I am responsible for this budget and, having regard for all the circumstances, I am satisfied.

**Mr. Foulds:** You satisfy easily. I think you should be fighting a hell of a lot harder and be a lot more irrational in terms of understanding the problems of the Treasurer (Mr. F. S. Miller) and the Chairman of Management Board of Cabinet (Mr. McCague).

**Hon. Mr. Auld:** Did you say "more rational" or "more irrational"?

**Mr. Foulds:** Irrational.

**Hon. Mr. Auld:** I'm not sure that is really a compliment.

**Mr. Foulds:** What this ministry needs is a little guts, and if Hansard were not recording this I would refer to another part of the anatomy. What this ministry needs is a little passion to fight for the things it believes in and for the things that serve the people of Ontario well. What we need is a little emotion around here instead of this nice, quiet, rational fluff and accountancy you snow us with.

**Hon. Mr. Auld:** I am not sure that is a compliment either.

**Mr. Foulds:** It is certainly not meant as one.

**Hon. Mr. Auld:** Now we have it clear any way.

**Mr. Foulds:** I thought you were the master of obscurity, not me. Put me down again for mouse management.

**Mr. Lane:** Mr. Chairman, I assume we are through with item 1 of vote 2503.

**Mr. Chairman:** Is the motion carried?

**Mr. Eaton:** Mr. Chairman, I wanted to talk on that.

**Mr. Chairman:** Okay, we will leave it open.

**Mr. Lane:** I wanted to speak on item 2.

**Mr. Eaton:** Will I be able to speak?

**Mr. Chairman:** Yes, we can still go back.

**Mr. Lane:** Thank you, Mr. Chairman. I would like to get some clarifications about why certain things happen and do not happen. In my area, the body of water known as the North Channel, which separates Manitoulin Island from the mainland, is without doubt the best cruising area on the North American continent. People come there partly because of the great beauty of the area and partly because they like to catch the odd fish.

My figures, which could be wrong, indicate there were thousands of lake trout planted in Lake Ontario last year but not a damned one in Lake Huron. I do not know why that would be because Lake Huron is a natural habitat for lake trout. It is very discouraging to the best yachting area on the North American continent and have a great many people come from great distances, only to be disappointed because they cannot even catch a fish any more.

I would like to know whether you could give me the number of lake trout that were planted in Lake Huron as opposed to those planted in Lake Ontario, for comparison's sake. Was there any large planting of fish other than lake trout in Lake Huron or the surrounding area?

The other question I have—and maybe you could answer both of them at once—is to do with deer hunting.

**Mr. Chairman:** Fish and wildlife is item 2 Interjections.

**Mr. Lane:** Could we have some order from the third party, Mr. Chairman?

**Mr. Foulds:** Now you are asking too much. What we need is a little passion.

**Mr. Lane:** For many years on Manitoulin we had a very difficult situation. As you know, there is no crown land on the island. The licences that are issued for people to hunt deer means they are hunting on private property. We had hundreds of people coming with a clean shirt and a \$2 bill who did no change either one all the time they were there. They cut fences, opened gates, caused lots of trouble to the farmer and then left nothing.

After working with your people in Espanol for about three years—and they were good people to work with—we came up with an idea that a deer licence on Manitoulin would only be valid if it had a letter from the landowner saying that they had permission to hunt on his or her property. That just worked beautifully. The hunter we did not want did not come any more because he could not go

such a letter. For two years I did not have one damn letter of complaint from either a farmer or a hunter.

Then, by God, this year you bring in the buck law. Why in God's name would you ever try something else on Manitoulin Island when we had something working as well as what we had working there and for which we worked years to get?

The deer population is coming back just fine. The farmers are happy and the hunters are happy. Already I am getting flak now because certain people cannot get licences to shoot a doe. It just seems too bad when we have a good program that we worked hard to get. The former minister said to me in estimates a couple of years ago that if it worked well on Manitoulin Island it would be something to use as a guideline in other parts of Ontario to control hunting at certain periods of time for certain commodities.

But now, suddenly, after two years of quiet, I have an uproar as to why in the hell a person can't get a licence to shoot a doe. I would like some answers to those questions if I could.

**Hon. Mr. Auld:** I do not know why. I have the figures for some areas. On Manitoulin Island there were 4,000 antlerless or doe permits available for both guns and archery in the regular season and we have had only 3,950 of the antlerless permits requested. They have all been issued so far. I cannot really explain how somebody did not get an application, but it may well have been a computer error.

**Mr. Eakins:** Is that just Manitoulin Island or all of Ontario?

**Hon. Mr. Auld:** Just for Manitoulin Island.

**Mr. Lane:** The question I was really concerned about is that it was a special area; we had resolved our problem by having the letter attached to the licence to make it valid. I just wonder why there is all the extra work to issue licences or not issue them, whatever the case may be, in areas where we didn't really need any more control. We already had resolved our problem.

**Hon. Mr. Auld:** Basically because the regulations apply to the whole province. I suppose we could have made an exception. On the other hand, what we are trying to do is establish a system that will not change or some time, that will be flexible enough to apply in varying degrees to different parts of the province where the reproduction varies. I do not have the list in front of me the number of antlerless permits which are allocated to each of the 60 or so zones in the

province, but they vary from virtually enough for everybody who has hunted there before to, in some cases, one in every 35 to 40 hunters. It is dependent on our assessment of the number of does in the area.

11:40 a.m.

What we are trying to do in a combination of moves is to improve the herd and to try to stabilize it in those parts of the province where it has been under great pressure and where it has been going down. At the same time, we want to provide more opportunities by opening up some areas in southwestern Ontario which have been closed for 10 or, in some cases, 15 or more years and where the deer have become a highway hazard and more than a nuisance to farmers, actually destroying crops or parts of crops.

Getting back to those areas where there is a restriction on the number of does or antlerless, if we had excluded Manitoulin as a zone contingent on last year's program which, as you say, was working adequately and found that for some reason or other there was a very heavy harvest and we were going to have to start applying the same kind of restrictions as we are in other parts of the province, we would have to go through the whole regulation exercise again which is a fairly lengthy one.

What I am trying to say is there is still no problem in terms of the herd, so there are enough permits available so that everybody who has applied has got one in Manitoulin. That is a happy situation for the deer hunter, but it does not apply in some other places.

**Mr. Eakins:** Can I ask a supplementary on that? Are you satisfied that the best system was used in the distribution of antlerless or doe licences? I am thinking of many of the camps where there might be a dozen people. I know many camps that did not even draw a doe licence this year. Are you satisfied the distribution was right? Is there another way in which you might distribute them by camps in particular areas which your ministry is aware of? I know of individuals who got licences. Apparently, they were asked for an alternative area. I know one fellow put in for 60. He did not get it, but they sent one for 73. He said he had never hunted there, but he put it in and said he would not be using it anyway. I was just wondering in that respect if there might have been a better system.

**Hon. Mr. Auld:** If you put it in groups, administratively it becomes very difficult and you start wondering whether the names are



real or not. There are all kinds of things that might go on.

**Mr. Eakins:** What is the percentage of people who hunt individually as opposed to the camps? Have you any way of finding that out or knowing? I mention this because there is a great deal of disappointment in the camps. Many camps did not even get a licence.

**Hon. Mr. Auld:** I would not attempt to answer that. I know in my own area there are some people who do both. This year they had a five-day season and may travel by themselves. On other days they will be with a group and may go to some other area.

**Mr. Hagan:** I recall seeing a figure somewhere that put it as about half the number of hunters claiming to hunt in some organized group. In the case of residents, 55.1 per cent hunt in some kind of an organized group.

**Hon. Mr. Auld:** Which would be two or more, I would assume.

**Mr. Hagan:** Two or more.

**Mr. Eakins:** Would your ministry be aware in the various districts or sections of the camps? Would you have a registry of the camps?

**Mr. Hagan:** No, not necessarily. The problem with trying to run a system whereby each camp would get an antlerless permit is that the way the situation is right now we would run out of antlerless permits in the central deer range before we would cover all the camps. We are talking about one permit for 41 hunters in some cases in the central range. That is not very many. We would soon run out of camps if we started allocating one antlerless permit per camp. That is the main reason we did not do it.

**Mr. Eakins:** Will you be monitoring the system and perhaps trying to improve it next year?

**Hon. Mr. Auld:** We are monitoring it and we will be taking a pretty good look at the results. We have a lot of people involved right at this moment in supervising and investigating trespassing charges and a lot of things like that. In fact, from the figures in the report I have this week it has been going quite well.

I mentioned a while ago that we have trained a number of people as conservation officers and appointed them as such, so we are able to bring extra staff to bear in the short season, just as we are in some of the hot spots and the trying times in spawning and fishing. The answer to your question is

that we will be looking very carefully at the data, the results, the numbers and the comments when the season is over.

**Mr. Eakins:** I know you won't know until the end of the week, but do you see any possibility, because of this change in the system, that people will be shooting some deer by mistake? They even shoot people by mistake. Do you see any possibility they might be leaving some deer in there and not bringing them out because of fear of a fine under this change in the system?

**Hon. Mr. Auld:** I am sure that will be a reason given by somebody. This is an opportunity to introduce this. I don't know whether you have seen our Fish and Wildlife Review, volume 18, number four. If you turn to page 16—

**Mr. Eakins:** Is that a general distribution?

**Hon. Mr. Auld:** Yes—you will see what appears from that distance to be a barnyard full of cows. Actually, one of them is a moose. It says, "This is the moose that used to hang around Mr. Brubacher's barnyard." Obviously, it is a short-sighted bull. It says here:

"This yearling bull attached itself to a herd of beef cattle in a bush farm 10 miles south of Parry Sound last September. When the cattle came in from pasture, the animal began spending parts of most days hanging around farmer Abner Brubacher's barnyard, although it continued to retire to the surrounding forest to feed and rest. It wasn't much bother. It ate only token mouthfuls of Brubacher's hay and was considerate of wire fences, which it took in its stride, and other farm fixtures most of the time, but it had scratched the paint on a neighbour's car with its antlers and there was concern about a potential hazard. The moose had to go.

"We wheeled in a task force of about three or four conservation officers, a front-end loader, quantities of rope, a helicopter cargo net, some bales of hay and a tranquilizing gun. After several attempts, we finally got it in the front-end loader, into the cargo net, into the truck and out of the truck and he has gone off to find another herd of cows."

My point in telling you all this is, if the moose can't tell, then I will not be surprised if people make a few mistakes with the deer.

**Mr. Eakins:** What do you do? Do you leave them in, do you abandon them or do you bring them out and get charged?

**Mr. Bolan:** Do you charge them or what?

**Hon. Mr. Auld:** The moose? We have never had a successful charge.

**Mr. Foulds:** Against the moose?

**Mr. Lane:** Last week a chap who lives in my riding and who used to be an executive with the Ontario Bull Association didn't get his licence to shoot an antlered deer and I had to resolve the problem for him. I expect when rifle season comes in I will have a lot more of them, and I can do that with your help. What we cannot stop is what Mr. Eakins has mentioned, namely, people shooting a deer and finding out they shot a doe, throwing the damned thing behind a tree and going out and shooting another one. So we are not really saving any deer.

11:50 a.m.

I think there was a pile of deer, 17 pieces in all, up in Manitoulin when buck law was in before. This does happen and will happen. I can appreciate what you said, that Manitoulin is part of Ontario and the law covers the whole province. However, I still think it was a pilot project. We were the only area trying out this letter on the licence to make it valid. It was working and it was a great relief not to have any complaints for two whole years. I wish we could have left it alone, but so much for that. I would be more interested in trying to get the answer to the stocking of fish, because I cannot do anything about that.

**Hon. Mr. Auld:** The reports I have are that the splake program in Lake Huron is going along very well. We have overcome the problems associated with its early days.

**Mr. T. P. Reid:** Are they reproducing naturally?

**Hon. Mr. Auld:** The test netting indicates that the survival of the fish planted in 1979-80 has been extremely good. The majority of the splake planted in 1979, and this is the latest backcross, I guess, will not be ready to reproduce until the fall of 1981. However, last week approximately 30 pairs of 1.5 to two kilogram splake were observed spawning in the shoals in Lake Huron. I don't know that Mr. Trudeau will say about that—the bedrooms of the fish and all that sort of thing—but they were observed and an examination of the gravel revealed that they had deposited eggs. So it looks as though the splake program is working.

I read a report on lake trout over the weekend that indicated we had gathered some eggs in the Parry Sound area, I believe, which we were putting in a hatchery. Ken Loftus is here and has been involved in this from the beginning. Could you come up and give us a general report on what is happening with the splake and the lake trout?

**Mr. Loftus:** The hoped-for results from the splake planting in the order of 700,000 yearlings last year did come through. They did provide, surprisingly and very happily, a tremendous fishery, particularly in the areas closest to where the major plantings were made, that is, the area from Meaford to Tobermory.

The spawning to which you made reference, I think, is off Birch Island, which was another separate and smaller planting not exploited as heavily as the others. It was very happy news to see them come through and show the first signs of reproduction. So all that news has turned out to be good.

With respect to total numbers planted, as I said, there were approximately 700,000 last year and about 600,000 this past spring, using the splake backcross in Lake Huron. For comparison purposes perhaps you could refer to a planting annually in Lake Superior of 500,000 lake trout and total planting, involving a mix of species in Lake Ontario. These three lakes are under rehabilitation also of about 500,000 yearlings. In the latter case, it is a mix of coho, chinook, rainbow and lake trout. I think the lake trout number for Lake Ontario is in the order of 200,000. We planted no lake trout in Lake Huron.

**Mr. Lane:** That is the part that bothers me. I think you are to be congratulated for hanging in there because you were getting an awful lot of flak that the splake program was not going to work. Thank God, it is working. I think you deserve a lot of credit for hanging in there long enough to prove your point. But I still have difficulty in agreeing that we should be planting 200,000 lake trout in Lake Ontario and none at all in Lake Huron. That is a hell of a big lake. Even though the splake are producing a sports fish, I still think we have room for some lake trout. I have a little difficulty in contenting myself with the fact you should be planting 200,000 trout in Lake Ontario and none in Lake Huron.

**Hon. Mr. Auld:** Would you give the background on the reasons?

**Mr. Loftus:** For a number of years we have thought, and have not really changed our minds yet, that the splake, if it works, as it now seems to be working, is probably a better long-term investment than an attempt to re-establish lake trout.

In most cases, we try to cover our back-sides to the fullest extent possible. That is why you have heard recently of a very small spawn-taking operation in Parry Sound which is one of two sites where there remains a very small number of lake trout, the old

natives of Lake Huron. We think the business of using native stocks, that is, Lake Huron lake trout, would be important to any attempt to re-establish lake trout in Lake Huron, just as we think that using Lake Superior lake trout is fundamentally important to success in re-establishing lake trout there.

The population of lake trout in Parry Sound has been very small. Unfortunately, it now looks to be smaller than when we last had a look. We may have extreme difficulty in developing any appreciable number of lake trout for planting in Lake Huron if, indeed, that were a go-ahead program.

**Hon. Mr. Auld:** Let me ask you one question. Have those eggs gone to the Sault? What hatchery are they going to be in?

**Mr. Loftus:** I am sorry, sir, I do not know. I would have expected that they might go to Catsworth, but they may have been moved up to the Sault.

**Hon. Mr. Auld:** Could you find out because I am going to be in Parry Sound next week and I think somebody may ask me there?

**Mr. Lane:** I wonder why we could not hatch lake trout in the Sandfield hatchery on Manitoulin Island. Is there any reason why we could not provide lake trout there?

**Mr. Loftus:** You could hatch them, but could not rear them on a year-round basis. It is a pond station and is great for overwintering trout but it is no good for year-round rearing, unless there was a major additional development of facilities there.

**Hon. Mr. Auld:** Is it that the water gets too warm?

**Mr. Loftus:** Yes.

**Mr. Lane:** If I can recall when Mr. Miller was minister he indicated that they were looking at the possibility of expanding the Sandfield hatchery. Also, I have not got too much sympathy with this. I have had at least three letters in the last month or so asking, "Why, in God's name, do you go along with the mismanagement of the research station at South Baymouth?" You are taking a lot of fish away from the sports people, causing problems there that really have no good result. I assume that somebody is not understanding what the research station is doing. Are there unnecessary fish being taken? If so, for what reason?

**Mr. Loftus:** In my opinion, the answer is no.

**Mr. Lane:** Are there quite a number of fish being taken for experimental purposes?

**Mr. Loftus:** There is a mix of species being taken. If you are going to monitor the whole fish community you must, of course, take fish of various species. The program is carefully designed to get a minimum number of fish of all species in order to give you the basic information that is required.

12 noon

The sport fishing opportunities in South Bay essentially disappeared for a lot of people when the lake trout disappeared in 1955. There is a matched planting experiment in South Bay at the present time, using the backcross splake and lake trout. The numbers of fish we are taking in order to see how well they are doing is substantially less than that being taken by a few anglers who are beginning to show interest again and by a group of native fishermen who have rights to fish in that area.

I think it is fair to say we are always conscious in our experimental fishing operations to avoid providing a basis for criticism for taking too many fish. We do not always succeed in communicating that to all members of the public.

**Mr. Lane:** That is one reason why I raised the question because I had difficulty myself in seeing why any unnecessary number of fish would be taken. But, as I said, I had several complaints about it that I wanted to clear up.

To sum up, I am assuming you are saying to me that the research station at South Baymouth is doing its job and is doing it fairly well, with the minimum amount of interruption with sports fishing.

**Hon. Mr. Auld:** I think that is right.

**Mr. G. I. Miller:** May I ask a supplementary? Is there any possibility of the splake moving down the lake from that area after being put in? What is their habit?

**Hon. Mr. Auld:** I do not know how far they migrate. Mr. Loftus, do you have an answer to that?

**Mr. Loftus:** I think we should not expect that to happen for a number of years. If it does happen later on, it will probably be a result of a substantially expanded population, hopefully arising from natural reproduction.

So far as the planted stocks initially are concerned, they tend to stay fairly local, that is, within 50 miles of the planting site. I do not expect anything but a little bit of straying. Until we can plant additional sites in different parts of the lake, the likelihood of their moving much farther than that is pretty small.



**Mr. G. I. Miller:** Where were the coho planted first? Were they not put in by the Americans in Lake Michigan?

**Mr. Loftus:** Yes, sir.

**Mr. G. I. Miller:** Did they migrate from here to the rest of the lake?

**Mr. Loftus:** The pattern that seemed to develop for coho was an annual swing in a clockwise direction around each of the lakes in which they were planted. When they were planted in Huron on the Michigan side they moved down the west shore, came up the east shore and then swung across on the south side of Manitoulin and went home at spawning time in general.

**Mr. G. I. Miller:** So they were planted in the lakes. They did not originate from one planting?

**Mr. Loftus:** Almost all of the Pacific salmon, speaking in terms of coho and chinook at least, that are in the lake, are in the lake as a result of planting. There has been some isolated evidence of limited natural reproduction. But the fish that are not there are planted fish for the most part.

**Mr. Bolan:** I have one or two inquiries to make. First of all, I would like to say to the Minister I am sure the people of the Windsor area are very reassured to see you here today and not your predecessor, the Honourable Frank S. Miller. I say that because of several advertisements which appeared in the Windsor Star in August. These were advertisements by your ministry on Ontario government tenders with respect to provincial parks. They were issued by the Ministry of Natural Resources under the name of the Honourable Frank S. Miller. I am quite sure you will see that the proper information will be sent out to the Windsor Star and will have your name appear as the Minister of Natural Resources and not Mr. Miller's.

**Mr. Foulds:** They have had so many ministers they cannot keep track.

**Hon. Mr. Auld:** In view of some of the leaders I was getting from the Windsor area about commercial fishing in Lake St. Clair, I am happy it was Miller. I do not think that was our mistake.

**Mr. Bolan:** In any event for whatever it is worth I pass it on to you.

I have an inquiry—this is back on item 1 incidentally—with respect to the acquisition by the Ministry of Natural Resources of an island in Lake Nipissing. I might just give you a brief background on this.

There is in Lake Nipissing a group of islands called the Manitou Islands. They are

very large islands, four of which are crown-owned and one of which is owned privately. A short while back, the company which owned one island started a development plan to sell individual lots. It created quite a bit of commotion in the area. There were petitions signed. There was an application made for a hearing before the Ontario Municipal Board for the approval of the plan of subdivision. The hearing started and went on for about a week. It was adjourned sine die two years ago to allow the parties to sort out their differences with a view to the Ministry of Natural Resources picking up this island. The island in question is called the Great Manitou Island.

I would like to know what progress is being made, whether or not you are aware of it, and what your ministry officials have to say with respect to the acquisition of it. One of the wildlife associations was involved in this. I believe they may have made representations to the ministry about this, and perhaps you might have something on that. While you are mulling that over, I would also—

**Hon. Mr. Auld:** I have mulled it over.

**Mr. Bolan:** Fine. May I hear what you have to say about it?

**Hon. Mr. Auld:** My understanding is that there was interest from both the Federation of Ontario Naturalists and the nature conservancy, as well as in the community in North Bay. Part of Great Manitou is privately owned, but there is a very large portion which is not.

**Mr. Bolan:** It is all privately owned.

**Hon. Mr. Auld:** Is it? Then I guess the other one is the island next door.

**Mr. Bolan:** There were two plans of subdivision on it, one which could be sold off immediately. The other one was a new proposed plan of subdivision which was the subject matter of the OMB hearing.

**Hon. Mr. Auld:** Then there was a plan on Great Manitou.

**Mr. Bolan:** Yes.

**Hon. Mr. Auld:** As recently as a couple of weeks ago, we were in touch with the nature conservancy. They have followed this up. Our problem has been money. I believe the conservancy is negotiating with the company that owns it. We have indicated to the conservancy, which would probably be putting up some of its money—we have done this with the conservancy in a number of areas around the province, and I do not know what the figures will turn out to be, but they have generally put up some money for this kind

of recreational area, as well as marshes and other kinds of wildfowl habitat and stuff like that—that together we may be able to acquire at least an option and, hopefully, acquire the island for conservancy. If the conservancy agrees, then we have indicated we would be prepared to take over, as we have done in other similar circumstances, sort of the looking after of it for the future, but there are no plans at this stage as to what might be done there, if and when we do acquire it.

**Mr. Bolan:** I do not think it is a question of developing a plan for the islands. I think it is for conservation purposes more than anything else.

12:10 p.m.

**Hon. Mr. Auld:** Yes.

**Mr. Bolan:** That is the primary concern. One other thing, has there been a price mentioned on the value of this?

**Hon. Mr. Auld:** I could not tell you. I do not know that we have ever done an appraisal.

**Mr. Bolan:** I am sorry. Has there been an appraisal?

**Dr. Reynolds:** I do not think there has. I was not aware of it.

**Mr. Bolan:** If I might just make one other short remark, as well as an inquiry, it is with respect to lake trout and winter fishing. This appears to be an area of concern which is developing. I am sure it has been for some time, in fact, but I think it is getting more and more attention now because it is becoming more and more obvious that the winter ice fishing is starting to take quite a toll on lake trout. I have noticed it myself in my general area.

The decline in the trout population is not all related to acid rain. There are many good trout lakes in the area which have a very high pH and are not subject to that. Nevertheless, the fishing is down tremendously. I know of areas myself where I used to go in. I have stopped now because they are just not there any more. The snowmobile, of course, has had an awful lot to do with this, where people can go in now on a weekend and can literally massacre a lake. It does not take very long for these trout lakes to be completely depleted. They are very small and very sensitive. It takes time for them to regenerate.

I would like to know just what you are doing about this. I would like to hear from your fishery people what plans they have, whether you are monitoring it and just what is going on about that.

**Hon. Mr. Auld:** We are certainly monitoring it. We can get Mr. Loftus to expand on this, but I am told that the large lake trout are a lot easier to catch at certain times in winter when they are hungry and will bite at anything. I have observed in my own area the number and the size of lake trout that have been caught in the winter on the ice. You are quite right in that snowmobiles have a lot to do with it. There are an awful lot of areas and parts of lakes now accessible to people that never were before.

This year for the first time in eastern Ontario, we split it into two seasons. We have two weekends for the winter season, and then we closed it until June 1 to reduce the fishing pressures. The summer reduction was a great concern to the tourist people and the people who have lodges that attract fishermen. I suppose there are those who say we should cut out winter fishing entirely. On the other hand, there are those who say this is the only opportunity a lot of people in local communities have to fish on the weekends in winter when they are not as busy as they are on Wednesday afternoons and the sort of thing. There are a lot of people who traditionally have fished for food in the winter. There are small political problems in terms of looking at the groups of fishermen—the winter fishermen and the summer anglers and the summer residents.

As an experiment this year, in two areas in eastern Ontario we are going back to the long season, but we are reducing the bait that can be used, reducing the daily take from three to two in the summer and one in the winter, and allowing only one rod. I cannot give you an answer as to what we will finally come up with because we want to see just what the effect is of all these things. It takes a little while to see how effective you are because we can't go door to door and do a fish census to find out what is still left down there.

Mr. Loftus might expand a bit on this because I know it is a matter of great interest in a lot of parts of the province and there are some difficulties in reaching the millennium.

**Mr. Loftus:** I think I can add very little that is useful as you have summarized the problem and the difficulties of achieving the solution. Within the lake trout angling fraternity there are several groups, and the trick seems to be to find some mechanism which will reduce the level of exploitation without depriving any one group or, indeed, it seems at times without depriving anybody of the opportunity of going fishing.

We have been concerned about the level exploitation on lake trout for many years. Certainly the acquisition of the arrival of snowmobiles made the problem much more severe. We do have a small task force of field and research and main office people right now looking at this question to try to come up with some new perspective on how to control this kind of excessive exploitation without hurting anybody too much. I don't have a lot of hope that there will be a blinding flash of intuition in that group, but we've got to give it a try. Then we may have to get even more hard-nosed if we are going to maintain the lake trout resource.

**Mr. Bolan:** I am not expecting any blinding flash of intuition, but you can expect a continued decline in lake trout fishing. There is no question about that at all. I don't know where you can go from there, frankly. You are the ones who are in control or not; I am not. Obviously, you don't know where you are going. You are spinning your wheels in the sand.

**Hon. Mr. Auld:** I think I know where we would like to go. Could you give me an opinion on what the reaction would be in your area if we were to cut out winter fishing for a period?

**Mr. Bolan:** I don't think you would have to be as drastic as putting a blanket cover on it altogether. You have heard of the old expression of letting land lie fallow. You can close areas. You can close areas for one or two years in certain parts of the province or in certain parts of a region, do some restocking and let them regenerate. You don't have to put a blanket on it right across the province or right across northern Ontario.

There are areas where it can be worked out. Are you looking at other states, for example? Are you looking at other provinces? Look at the province of Quebec, for example. I know that across from the northeastern Ontario border there is no ice fishing in Quebec. They have tremendous fishing in the summer which is one of the reasons why. I don't think they ever had it, or if they did have it, it was many years ago and it has been cut out. It would appear to me that with resources which you have, or which you should have, you are not doing anything about it. I think that the onus is on you to do something about it, not on me to tell you what the reaction of people would be if you were to put a blanket on it. Agreed?

**Mr. Foulds:** All hell would break loose. I know that. At some point, somebody is going to have to bite the bullet. We are going

to have to get to the stage where somebody is going to have to have the guts, whoever is in government, to close the season in the winter. I think it is about time some politicians had enough courage to say that.

**Mr. Wildman:** The reaction of the local people will be, "Before you cut out winter fishing, cut out all nonresident fishing." You know damn well that is what they are going to say.

12:20 p.m.

**Mr. Chairman,** I would like to raise some questions with regard to hunting and fishing licence outlets. I would like to find out what the policy is with regard to the allocation of these franchises, as I suppose you might call them.

From time to time, small businessmen in my area express an interest in obtaining the right to issue licences because they get a lot of people, usually nonresidents, coming in and asking if they can purchase a licence from them. I have never been able to get a statement of policy from the ministry as to how it determines where the licence outlets will be.

Last spring I wrote a letter to the Sault Ste. Marie district manager, Mr. Sellers, and asked him for a list of the outlets from the eastern part of Sault Ste. Marie to a place called Desbarats, which is about 40 miles east of the Sault on Highway 17. He wrote back giving me a list and he was kind enough to put on it when these franchises were issued. It is a rather interesting list. If you look at the distribution, there are two outlets in the eastern part of Sault Ste. Marie right next door to each other. They were both appointed in May 1979 right at the same time.

I have been informed by a small businessman who has a general store five miles east of Echo Bay, right in my own area, that when he applied last year for permission to issue licences he was informed by the district that they could not give any more appointments out because there were too many outlets in that particular area already and there would be too much competition; yet the closest outlet to his location is five miles in one direction and eight miles in the other direction.

There are already two outlets only half a mile apart in the community of Echo Bay, which is five miles away from him in one direction. One was appointed in June 1975 and the other in March 1980. There is another one about two miles from them that was issued a long time ago, just after the Second World War. It just does not seem



to be too sensible. I would like to know what your policy is in terms of distribution. Who makes the decision as to whether or not an individual will be appointed to issue hunting and fishing licences?

**Hon. Mr. Auld:** By and large, the purpose of the exercise is to make it convenient for the purchaser and to have a network of issuers to do this. Service is one of the things that is taken into consideration. I know as far as my own area is concerned, putting myself in the position of the member, I get a number of requests because somebody has applied and been turned down or told by the local office that the area is properly served, and in fact I find that is the case.

On the other hand, there have been occasions when people were only open some days from nine till four or something like that, which really is not adequate because there are a lot of people, particularly down our way, nonresidents obviously, coming over the bridge and heading for a weekend of fishing who want to get their licence that night so they can go fishing first thing in the morning.

The other side of the coin is that if we have too many issuers, and I learned this a long time ago, pretty soon they find they are not doing enough business to keep the books up, to send in their returns, to give service, to be open at times convenient to the nonresidents who have to buy licences. Consequently, the service slides and we get into problems of delayed returns, delayed deposits and then people having debts they have difficulty in paying. I think it is like anything else; where everybody can't have it; there is some discretion made in terms of judgement in recommending that licences be issued or not issued.

I must say I am surprised that we have appointed two people next door to each other.

**Mr. Wildman:** I measured it. My odometer may not be that accurate, but I believe it is a tenth of a kilometre from one to the other. Both were issued in May 1979.

**Hon. Mr. Auld:** It is not next door, but it is not far from next door.

**Mr. Wildman:** There are two businesses next door to each other; one is a gas station and the other is a store.

**Mr. Bolan:** Are they both Tories?

**Mr. Wildman:** I didn't want to bring the civil service into it. I am operating on the basis of what I was told by the people involved in MNR, that they wanted a fair and good distribution and did not want to

have too many outlets in one area. Because it would be unfair competition, they did not want them too close together. I think that all makes sense, frankly.

When I asked them to give me a list of the outlets and I find these kinds of discrepancies from what I understood to be their policy, I just wonder who is making the decision.

**Hon. Mr. Auld:** I would assume in that case it has to do with the hours they are open. I know there is a problem, particularly with hardware stores.

**Mr. Wildman:** I am not suggesting that either one of these should not get the outlet. All I am suggesting is that you should not issue two that close together. There is a 15-mile distance from those two to the next place where one can get licences. The reason for that is it is an Indian reserve. The next town on the other side of the reserve is Echo Bay where there are two outlets in that small community, approximately half a mile apart. Then there is another outlet about two miles from there. Then you can go five miles down the road and another fellow there asks for an appointment and they say: "We cannot give you one. You are too close."

**Hon. Mr. Auld:** Again, we have to start taking a look at the volume; it is something like issuers of automobile plates.

**Mr. Wildman:** Yes, I think it is like automobile plates.

**Hon. Mr. Auld:** We look at how much business they do. I can give you an example in my own area. There had been one issuer in Brockville for many years and there was a lot of pressure from a community just 18 miles away. I will be very frank with you. I had been writing to the Department of Transport for five years, asking them to appoint somebody in Athens. There were three hardware stores there. I said, "I don't care to toss a coin," because they were all Tories.

**Mr. Foulds:** Now you are speaking more truth than humour.

**Hon. Mr. Auld:** Yes. If you want to take a look at Athens, it is a great spot in Leeds. We do very well there.

**Mr. Wildman:** Just in relation to that, Mr. Sellers also points out that in addition to the above listed licensed outlets in the area there are six on St. Joseph Island. I wonder whether there are six licence outlets on St. Joseph Island.

**Hon. Mr. Auld:** There must be no lineup. Seriously, let me go back to Athens. I was told by the people in the department

here was no point appointing an issuer there because he would not do enough business to pay for the storage he would have to have for all the plates when he got them in July or August, and he would be very unhappy. It wasn't until there was a new Minister of Transport, which happened to be me, that we appointed somebody there, and it is just surprising the business he did.

2:30 p.m.

It is time I lost a couple of other friends, but there was a lot of business and there were a number of reasons for it. There is still an issuer there who is still doing a lot of business. The guy in Brockville is doing business too, but he is not doing as much as he used to. Anyway, it was a question of giving service. The issuer in Athens was giving better service than the big-city competition. He did more business and he made a lot of buyers happy.

**Mr. Wildman:** I am not particularly concerned about whether the individuals who have licences or outlets now should or should not have them. I have no reason to believe they aren't giving good service. All I am suggesting is—

**Hon. Mr. Auld:** I am just suggesting it may be that is a busy place, a place where people look for licences. I assume the gas station is open on Saturdays and Sundays.

**Mr. Wildman:** No, it is not. It is open Saturdays, not Sundays. At any rate, the store I was talking about, where he had been told the reason he couldn't have one was he was too close to the others, is open from seven or eight in the morning till 11 at night, seven days a week, so I don't think it is a question of his inability to provide service.

Again, I am not necessarily arguing on the basis that that particular location should have one. It is just that when I was told what the policy was, I accepted that. Then when I asked for a list I found it does not appear that the policy is being followed. Can the minister assure this committee that the district manager in any district, not just Mr. Sellers, is the one who recommends what businesses or locations should be appointed as licence issuers, or is there some other process involved?

**Hon. Mr. Auld:** There are two processes. One is that a person who wants to be appointed goes to the district manager, and either he is or isn't appointed. The other process is somebody goes to their member, of all three parties. I have had letters from members of all three parties asking that an appointment be made in some area. Then I get in touch with the district people to see what their view is on the need for another issuer. Then I make the decision as to whether or not that person will be appointed an issuer.

**Mr. Chairman:** Apparently we are not going to finish this vote. Mr. Johnson, you will be first on the list.

**Mr. Wildman:** Mr. Chairman, I am not complete.

Item 1 agreed to.

**Mr. Foulds:** Before we adjourn, Mr. Chairman, we did come to some arrangement. We have run a little over time, but we are still pretty close on schedule. Could we complete this with another half hour?

**Mr. Chairman:** We will give you an hour. The committee adjourned at 12:34 p.m.

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Foster, W. T., Assistant Deputy Minister for Southern Ontario

Hagan, D. A., Supervisor, Wildlife Program Development

Loftus, K. H., Provincial Fisheries Scientist

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Ontario

No. R-42

# **Legislature of Ontario Debates**

## **Official Report (Hansard)**

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**Fourth Session, 31st Parliament**

Thursday, November 6, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, NOVEMBER 6, 1980

The committee met at 8:03 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

On vote 2503, outdoor recreation program; item 2, fish and wildlife:

**Mr. J. Johnson:** Mr. Chairman, I have a couple of questions on hunting and two or three on fishing. To start with, there was an article in *Farm and Country* regarding hunting in Dufferin and more specifically in East Luther.

I am referring to the people who are concerned about hunters shooting from the road allowance. It was my understanding that hunters could not fire their weapons from the road allowance, but had to cross over the fence and fire from beyond the boundary of the 66-foot road allowance. Within that boundary, they are prohibited from firing weapons. Is this a mistake?

**Hon. Mr. Auld:** I know you cannot fire from a vehicle, but somebody is looking up the rule right at the moment to read to us.

**Mr. Hagan:** There is a little confusion in my mind, Mr. Minister, because there is a difference between north and south on this one, but basically—

**Mr. J. Johnson:** We are talking about the south.

**Mr. Hagan:** You are not supposed to shoot from a road and—

**Mr. J. Johnson:** What is a road?

**Mr. Hagan:** The travelled portion of the road for sure, and I believe it is the road allowance. You can understand the reason that would be in the south.

**Mr. Wildman:** There are some hunters who are leaving fixed-wing vehicles in order to shoot.

**Mr. J. Johnson:** Do you have a definition of road allowance?

**Mr. Hagan:** I cannot find it right here but it is in the regulations, not the act. I will have to look that up and get back to you.

**Mr. J. Johnson:** Mr. Minister, I find it quite unacceptable that someone can fire from a road or road allowance into private property. We passed the Petty Trespass Act to protect the farmers, the rural people of Ontario, from hunters' disregard of this problem. This instance that is mentioned in *Farm and Country* relates to farmers in East Luther who are plagued by duck hunters. Without regard for the property value, they fire into the fields. It was my understanding that they had to cross into the fields before they could fire and they had to receive the permission of the land owner before they could cross into the fields.

**Hon. Mr. Auld:** They have to receive the permission of the land owner before they cross into the field, whether they fire or not. If they fire and hit something, they cannot go in to get it without the permission of the owner. They would be trespassing.

**Mr. J. Johnson:** That isn't good enough, Mr. Minister. Surely in the first place you, as the minister, don't want to see ducks injured or killed if the hunters can't retrieve them. That is what would happen if they could legally fire from the road into the field and yet not be able to retrieve them. I think the two should tie in together, should they not?

**Hon. Mr. Auld:** I think so, but I think we should establish just exactly what the regulation says and I don't have a copy of the actual regulations with me. I think there have sometimes been problems in establishing exactly where the road allowance is. If you are going to prosecute in court, you have to be sure. The fence may not be in the right place or there may be no fence. We were talking about the travelled portion of the road, which is easily identified, and that includes the shoulders.

**Mr. Hagan:** I have the section of the act. It reads: "No person, while engaged in hunting or trapping game, while going to or returning from a hunting camp or locality in which game may be found, shall, in any county designated in the regulations, discharge a firearm from or across a highway,

road, street, avenue . . . on anything that is considered a road."

**Mr. Chairman:** Could you speak just a little bit louder? I am afraid they are not getting it.

**Mr. Hagan:** There are other offences involved in this—

**Mr. J. Johnson:** Just a simple question: Can they fire from within the 66-foot road allowance?

**Mr. Hagan:** I would have to check the regulations to see the rule.

**Mr. J. Johnson:** I don't want to pursue it, except to ask the minister if he would check. Does it not seem very improbable to be able to fire from within the 66-foot road allowance and not be able to retrieve the game?

**Hon. Mr. Auld:** I agree with you. If that is the situation, then we should do something about it because, as you say, it is ridiculous to permit somebody to fire at an animal that he or she cannot retrieve if they hit it.

**Mr. J. Johnson:** Would you check it out, Mr. Minister, and see?

The second point I would like to raise regarding hunting is that I had a call from a constituent yesterday afternoon complaining about a cow being shot. We discussed moose the other night and I think—

**Mr. Wildman:** A pony was shot in my area this year.

**Mr. J. Johnson:** This was not relating to the deer hunting, this was in the duck season. Mr. Minister, any hunter who can't tell the difference between a cow and a duck should not be out hunting. I have been hunting long enough to know that that is feasible only if you should not be there in the first place. I don't think there is any way of alleviating this problem. We will have nuts out hunting and we will have to put up with this.

The only thing I would like to suggest is that surely there is some way that the Minister of Natural Resources could work with the farmer to help him make a proper claim for compensation for animals that are shot.

8:10 p.m.

**Hon. Mr. Auld:** My understanding is that the person who is of most help is the ag rep who is familiar with the program. By and large, certainly in my own riding, that is the route most people have taken. If there is any question of whether the animal was actually shot by mistake, the conservation authorities can help.

**Mr. J. Johnson:** Even if it is by deliberate intent, does it make any difference?

**Hon. Mr. Auld:** Pardon?

**Mr. J. Johnson:** You said "by mistake. What about deliberate intent?"

**Hon. Mr. Auld:** That is what I was going to say. If an animal is shot during the hunting season, there might be a natural suspicion on somebody's part that it was not an accident. On the other hand, of course, might well be somebody killing an animal out of spite, or something like that. Then it is a matter for the police to look into. I do not know the total answer to your question, but in the experience I have had in my own area, occasionally the ag rep gets hold of the ministry to do a little checking of one kind or another. He has never had any trouble getting co-operation.

**Mr. J. Johnson:** In both cases I mentioned hunting off the road and the deliberate accidental shooting of animals, I do feel it incumbent upon the Ministry of Natural Resources to see its people do work with reps, or whoever is responsible, in helping the farmers obtain compensation for their loss, which is certainly not their fault. I think if you, as the minister, want to encourage hunting in rural Ontario, you will have to do that. I would suggest you do.

**Hon. Mr. Auld:** As a matter of fact, that is quite true. Responsible hunters, particularly hunting organizations such as the Ontario Federation of Anglers and Hunters, should impress upon their own membership that they are going to be able to continue to hunt if they have to have good relations with property owners.

For instance, if you look at the results, the Halton hunt this week, in three days deer hunting I believe there was one charge of trespassing laid, out of I do not know how many hunters. We do not have the figures, but I do know there was one charge laid where three people in the same group were trespassing on the same piece of property. Actually I think it was a conservation authority restricted zone. Since we had a helicopter as part of the exercise because of the number of people around, that is a pretty good indication of responsible hunting.

There are other cases of trespass but, I mentioned earlier on in the estimates, have added to our regular staff of conservation officers by training other staff who are not as busy in their regular jobs as they might be. So we are able to take them off those jobs and augment our staff of conservation officers. That, plus the co-operation of the OPP, has meant we are able to get closer supervision. Just the fact the vehicle



are around reminds people of their responsibility. We propose to continue that.

**Mr. J. Johnson:** If I may, Mr. Chairman, I would like to ask a couple of questions regarding fishing. I would like someone in the ministry's fisheries department to comment on the brown trout program. Mr. Lane mentioned yesterday morning about lake trout in Georgian Bay and Lake Huron versus Lake Ontario. Mr. Foulds smiles. I do feel that if there is no feasibility of planting lake trout, there might be with brown trout. I understand Michigan has been successful in this program. Do you have a program for that?

**Hon. Mr. Auld:** Art Holder, who is director of the fisheries branch, can comment on that.

**Mr. Holder:** As of two weeks ago.

**Hon. Mr. Auld:** As of two weeks ago. Ken Loftus, his predecessor, is not with us tonight.

**Mr. Holder:** As you know, the ministry has been out of the raising of brown trout for some years. We are now going back into the raising of brown trout.

**Mr. J. Johnson:** May I ask one question? Why were you out of it?

**Mr. Holder:** For the same reason we are going back into it cautiously. Brown trout are not the answer to everything. We are converting one hatchery, the Codrington hatchery, to the rearing of brown trout. We just imported disease-free eggs, we hope certainly they have been inspected. They have just come in. As a matter of fact, we were trying to clear them out of the airport a couple of days ago. They will be reared at Codrington. The capacity there is not great; 70,000 yearling fish will be the maximum produced. Obviously, these will not go so far.

Brown trout are reasonably good put and take fish, as Michigan has found out. But as you know, in Lake Huron our objective is to try to achieve a naturally reproducing population. There are brown trout in some of the streams in Lake Huron and Georgian Bay now. We think we should be very cautious about entering into any major stocking program in Lake Huron with brown trout because we do not think they would involve anything more than a put and take type of operation.

The fish we are rearing we plan to put into Lake Ontario, where we recognize that in the short run, because of water quality problems and so on, we are at best a put and take kind of operation in any case, whereas in Lake Huron and Georgian Bay, water quality problems per se are not that bad.

**Mr. J. Johnson:** May I ask about rainbow trout?

**Mr. McKessock:** Before you leave the brown trout question, may I ask a supplementary on that? In Georgian Bay, as you know, they have been asking for the brown trout and, specifically, for the put and take. Does it not make sense to use brown trout as put and take fish? In a hatchery you must be able to raise about 90 per cent of your spawn. What is the hatchability? Is there any way you can estimate it in the natural way of producing fish? It must be a very small percentage compared to what you can raise in a hatchery.

**Mr. Holder:** I really cannot tell you the mortality rate from the time you put eggs in until you get fish out of the other end. It is lower than 90 per cent, I think, in most cases. But the real problem is the survival of the fish you put in the water, and the extreme costs. Right now our hatcheries are full. There are major costs involved in attempting to stock all our waters with artificially stocked fish.

**Hon. Mr. Auld:** It is fair to say, too, when you get disease in a hatchery you lose a year at least, because you have to disinfect the operation. You lose what is there. It does not happen very often, but it requires a lot of care. You have to be very careful of the area from which you are getting the water in the hatchery.

George Whitney would know how long we have been looking for a suitable area for another hatchery in eastern Ontario. We have to worry about the agriculture runoff. In one case, the runoff got into the water from some herbicide or pesticide that had been approved and used on farm land. A private operator's hatchery was involved not too long ago. It was north of Markham somewhere. Like a lot of things, it is not quite as easy as it seems.

8:20 p.m.

**Mr. McKessock:** There is a lot of good water in Grey county. In fact, within a mile of my farm there is a commercial fish-raising operation that just started a couple of years ago. He is raising these fish in barns. The fourth barn is going up right now. I feel someone like that would quite gladly raise brown trout for the ministry. He has the expertise and the water. All you need to do is contact him and you can get lots more brown trout.

**Mr. Holder:** If I might comment: Right now fisheries scientists, even including our American friends on the Great Lakes, are

looking more and more carefully at what they are stocking. There is a growing feeling that to be successful one has to be much more sophisticated in what one is rearing. One has to rear fish from the particular stock natural to that area. If one wants to have any hope of rehabilitation one has to be very sophisticated in where one collects one's breeding stock. It is not really so easy. A lot of those commercial operators who are rearing brown and rainbow trout are rearing what we call a very domesticated fish which is suited to handling in a hatchery, but when one puts it in a wild state it isn't really suited. It is not a simple matter.

**Mr. J. Johnson:** I would like to continue on fishing and go to the splake program. About a year ago in October I was invited to the Owen Sound Chamber of Commerce and I think the minister was invited to the same meeting. At that time, you took quite a riding from the people regarding your splake program. For the benefit of the committee I would like to read into the record a quote from Net and Twine, of the Ontario Council of Commercial Fisheries.

"Splake Program In Georgian Bay Takes Off: After years of effort expended towards developing excessive backcross, the ministry appears to have come up with a smashing success. All winter long sports fishermen have been catching their limit through the ice along the shores and bays, and now large numbers of the fish are appearing throughout Georgian Bay.

"The planning is being continued and the ministry is to be commended for sticking to its guns through a long period of strong criticism of the program that came largely from the sports group and also admittedly from sectors of our industry."

I was at the meeting in Owen Sound a year ago in October, and I heard the criticism the minister received from the chamber of commerce, along with support from his people. I was inclined to agree with the people who thought we should be stocking lake trout. I am extremely pleased to see the minister was right, that I was wrong, and that the splake program has been a success. I give him credit for his perseverance and for his ministry. It shows the foresight that our ministry and this government have in this field.

The only thing I can say is, I was up this fall trying to catch fish and I could not find any of those damned splake. But I do give you credit, Mr. Minister, for pursuing a policy that apparently is against the interest of the people involved and yet, when one

gets experts like the editors of Net and Twine giving the credit, then your ministry has something on the ball.

The only other comment I have to make tonight—I think it is time I finished—is I would like to say that I come from Welling-ton-Dufferin-Peel, which has the headwaters of the five major watersheds in the province. I do not think any other member can mention he is in that area. Three of those water systems are tremendous trout-bearing waters—the Saugeen River, the Credit River and the Nottawasaga River. There is also the Grand, which is not that great, and another one or two. Certainly the three I mentioned, the Saugeen, Credit and Nottawasaga are potential bearers of trout.

It is my understanding that several years ago the ministry decided these areas should not be restocked. I am concerned about this because there are tributaries of the Saugeen which I have fished in the last seven, eight or 10 years that have not been restocked for 10, 12 to 15 years but which are still bearing trout even though the ministry has stated the waters are too warm to bear trout and that they will not survive. These are naturally reproduced trout from 10, 15 and 20 years ago. They are still bearing trout. Three of the five watersheds in my riding should be restocked. I think you should be looking at the potential of restocking these streams.

**Hon. Mr. Auld:** Do you know, Art? Was it early September or late August when we were doing some netting off the mouth of the Credit River this year and found at about 150 feet some quite large lake trout which were not fin-clipped? This leads us to believe they were probably reproduced from some of the lake trout we have been planting in Lake Ontario and around the Credit, although they might conceivably have migrated from the other side. One cannot be perfectly sure. That is one of the reasons it takes so long to see how these programs are working. I think that applies to the splake situation in Georgian Bay.

It was funny because at the time I think it was Bob Rutherford of the chamber of commerce—anyway, I was asked to go up there to explain why there were no fish. By the time we got there, they had started biting about a week and a half before. It was very convenient. That shows you we did a little indoctrination in the hatchery. We get them before we put them out. That is what happened. That is how I caught those salmon in Lake Ontario.

**Mr. J. Johnson:** Are they stocking streams in Wellington North?

**Hon. Mr. Auld:** I don't have a list of all the areas we are stocking.

**Mr. Holder:** I don't have it in front of me either. We are still stocking some streams in southern Ontario.

**Mr. J. Johnson:** What do you mean, "some streams"?

**Mr. Holder:** Those streams we feel are capable of continuing to reproduce themselves.

**Mr. J. Johnson:** That is exactly what I said a few minutes ago. You say they are not capable of producing trout and yet, 15 years after you quit, they are still producing trout.

**Mr. Holder:** We do not have all the answers yet. We do not have enough information on a number of these streams to really determine what the reproductive rate is in the streams.

**Mr. J. Johnson:** The only thing I will accept the fact there is a private ownership of streams and I do consider that a problem. How can you stock private streams? But if you can get around that, if the streams are open, I think they should be stocked if they are capable of bearing trout, whether it is brook, brown or whatever species. Certainly, in the watersheds I am talking about, some of them can produce trout.

**Mr. Holder:** The only comment I would make is we would much prefer to rehabilitate them so they could reproduce themselves in those streams but, if it is not possible, then it is a consideration.

**Mr. Eaton:** I just want to talk for a minute about a recreation area in southwestern Ontario that has been in the planning stage for six or seven years now. I almost brought a bunch of clippings someone gave me two or three weeks ago to add to my collection from back over the years when you first started to develop the Kilworth Park outside London.

We went through such things as attempts to build subdivisions in it. We spent several millions of dollars acquiring some land there. In the last two years nothing has happened. We have a situation where gangs—and I cannot say they are much more than that—have gathered and caused some rowdiness at times.

8:30 p.m.

Looking at the program of finances put towards park development, one does become a little concerned because the amount of money has gone down. It is not even a case of putting a little bit away at a time to try

to acquire the rest of the property needed to begin some development of that park area.

I wonder if you are programming ahead and if you can give any indication that some continuing purchase of the balance of the land, even on the south side of the Thames River, can take place. I know the north half is for gravel development and there is a lot of gravel to be taken out before it is taken over for park purposes.

I think it will make a great natural park when they are finished with it because there are some large water areas there. I was really surprised at the large number of Canada geese there this year even though it is right along the road. It concerns me that there does not seem to be any programming as to what we are going to do and over what period of time nor are there any plans made for future development of it. I would certainly like to see some planning as to what will take place over the next number of years.

**Hon. Mr. Auld:** My problem is that, since we have dealt with that vote, I have left all my recreational notes back in the office to lower the pile here. Are you up to date on that project, Mr. Foster?

**Mr. Foster:** Mr. Chairman, the Komoka park project that Mr. Eaton speaks of was initiated in 1974-75. To date, we have acquired about 25 per cent of the property that is intended for the park, something like 300 acres. That has cost slightly over \$2 million. The plan is to continue with the acquisition. It will probably be some time before that can be completed. The estimated cost of the remaining land is something like \$6 million.

The short-term plan is to maintain the property through interim land management. The long-term position would be to acquire the area over time and eventually to develop a recreational class park for that area downstream from London on the Thames River.

**Mr. Eaton:** I would like to know a little more specifically what some of the short-term and long-term planning might be. I think you can split it basically into two sections. All the acquisition so far has taken place on the south side except for a couple of small pieces, so that 25 per cent is basically 50 per cent of the area on the south side of the river.

One of the properties became part of an estate in the past year. Has there been any contact with that estate as far as taking some of it over is concerned? Have you been making any offers to purchase it or even looking at what money may be available over the next two or three years to purchase



that further piece of property? I think there needs to be a more definite plan than just saying that over the long term we are going to be taking it over.

**Mr. Foster:** Mr. Chairman, our position is to acquire property as it becomes available within the funding constraints we are faced with.

**Hon. Mr. Auld:** I will pursue this a little further. As I indicated the other night, we have been acquiring properties and putting them in park reserves when it appears that, if we do not, we will have a very great problem in the future in acquisition—for costs, changes in zoning or whatever reason. This particularly applies in southern Ontario.

I think it is fair to say the district has kept an eye open. There have been two matters brought to my attention by our members where an estate situation arose and we have been able to get an option. Fortunately, in some cases, owners are not anxious to be paid all in one year. They would prefer to stage the payments, so we have been able to acquire but not develop properties that eventually will be developed.

It becomes a question of whether we can find some money where there is a situation on which we have to act or be in great difficulty later. All I can say is that we will be continuing to watch those areas.

We do give some priority to the areas in southern Ontario near urban centres because, as expansion takes place—zoning changes, industrialization, et cetera—you need to act. Since I have been in the ministry, we have sometimes gone to Management Board of Cabinet and transferred funds to deal with one of these situations.

As we have done with a couple of other situations that were mentioned the other night, we will take another look and see what is happening, whether there has been any change, whether there are any opportunities for acquisition.

**Mr. Eaton:** I think it is important that some more definite long-term planning take place, so you can say in the budget over the next two years that we are going to have so much money to acquire some of the land. It does not become any cheaper even though the park is going to be there. It is preventing anybody from rezoning it or doing anything with it other than what he or she is doing at the present time. Some of it is being farmed but most of it is rough, rolling land. I think some of it is the only class six land in Middlesex county. It is ideal for a park area but everything seems to have stopped and nothing is happening.

There is a lot of concern about what is happening with what has already been acquired. It is just sitting there. There is the odd level place at the top of the ridge that is being let out and farmed, but what is more or less a natural park area is just being left for anyone to go into and do as he or she pleases. I understand there has been some damage done to some trees. These groups have gone in and cut down or burned two or three trees for their parties. They had to have the Ontario Provincial Police out two or three times. The road that goes into the subdivision which got started at one time is a natural way in for them.

I think we have to have a more definite plan and I am calling on you at this time to come up with a more definite plan over the next two or three years as to what will happen with the area and how it will be developed.

While I have the floor, I think I should have the opportunity to go on to a couple of things I wanted to ask about the fisheries. And I wanted to add a little bit to what Mr. Johnson was saying in regard to shooting from the side of the road. Particularly in the situation to which he was referring, I feel there should be some control by conservation officers of your ministry. There was a question there of people waiting to get a permit to get into the Luther Marsh area to shoot. They allowed so many people in to shoot and the others stayed out along the road and were shooting from there. Surely there must be some control you can exercise over shooting to prevent that.

8:40 p.m.

There have been people coming from the city of London and shooting from the side of the road at ducks in our own pond, right in the field where the cattle were. We thought we were getting at this through our trespass legislation. I just emphasize what he said which is that there has to be something done about that kind of unruly shooting because they are going to go in. They are going to trespass to get the ducks. They will send their dogs in after them or some such thing and I just don't think it's the kind of shooting you want because there are going to be some accidents. In this case, I think some of the people were drinking along the side of the road while they were waiting for the ducks to come out. There were large numbers of people, and that's when accidents happen.

I want to go on to one further thing in regard to the salmon stocking. I think we were out chasing some salmon a few days after you were. They never tied any on

the boat for us so we didn't get any and you did, but I was amazed at the industry that has developed, the interest around the salmon fishing area where we went out. There must be 60 or 70 charter boats that are operating there now. Some have come down from Lake Simcoe and it has become a big business for these people. That day the caterers rolled up with something like 300 lunches to supply some of these boats that were going out.

On the other side of the lake they are stocking about 10 times as many as we are. All the restaurants over on the other side of the lake are opening up early in the morning for the salmon fishermen who are coming into the area. They are coming from other states into that area. I think this could be a real tourist attraction for people coming into Ontario and there is going to be a big spin-off from it.

I would think you could go a little further than just this area right around her. We were up to the Saugeen area about two or three weeks ago and went out for a couple of days and there were salmon in that area. I guess they have migrated across from the Michigan side. I don't think we have stocked any in there. In fact we were just in the harbour where there is no river coming in at Port Elgin and the damned things were jumping right in the harbour. Nobody was catching them; they weren't biting, but you could see them. A couple of times you could see them swim by the dock in that harbour area.

It certainly was attracting people there. It could be a real attraction for the people in the tourist business who maybe get two months of summer recreation in that area. If they can get an extra month and a half in the end of it because of the salmon fishing and so on, it could mean a big difference to those businesses. I think we should be taking a look at stocking some salmon in rivers there. I would like to know a little bit about whether you are getting any reproduction from some of the stocked salmon.

**Hon. Mr. Auld:** Some of the eggs that we got this year and I guess last year came from the Saugeen because they are reproducing naturally there.

**Mr. Eaton:** They are from ones that were planted in Michigan and not here. We have not planted any?

**Hon. Mr. Auld:** I think that is correct. One of the problems is the question of disease, as we have discussed in statements in the House. There are diseased fish in Lake Ontario planted by us, by Michigan, by Ohio, all

round. We are rather loath to plant any in Lake Huron because there is not the same incidence of disease there, as I understand it, but we are increasing the plantings. A couple of weeks ago I was up at Ringwood, which is a little bit north of Markham, where we have just completed a salmon hatchery which is designed specifically for that purpose.

We are collecting eggs at the moment. We have something like 200,000 coho. At the moment we are attempting to get chinook eggs but the chinooks have not been co-operating as to when and where they have been spawning. When we were up at Saugeen a couple of weeks ago there was no activity except the males so we came back down to the Credit and, by God, they started to spawn up the Saugeen, so back we went. The Ringwood facility, when it is completed—and there is one more tank to go in—will allow for the rearing of 500,000 cohos as well as 600,000 chinook eggs from which—depending on luck to some extent, the water temperature and what not—we should get about 80 per cent.

**Mr. Holder:** Some of them will have to be stocked as younger fish, because we can only carry approximately 140,000 through to yearling size in that facility.

**Hon. Mr. Auld:** We expect to see more plantings.

**Mr. Eaton:** You are looking at expanding the program.

**Hon. Mr. Auld:** Until we find a disease-free strain, I suspect that it will be primarily, if not entirely, in Lake Ontario.

**Mr. Wildman:** Mr. Chairman, I have a couple of short questions regarding hunting and then I would like to ask a question on fishing.

I had some contact with a couple of the districts in my riding regarding areas which, I guess for the want of a better term, you might call suburban, where we have mostly American hunters coming in. They seem to think anything outside the cities in northern Ontario where trees grow is wilderness and they have been hunting bear with dogs. There are dogs running across people's yards. On one occasion this spring a bunch of dogs chased a bear into a yard where a young child was playing.

I get a lot of complaints. I know the ministry gets a lot of complaints about this. I have some sympathy with the comments that were made by the member for Rainy River (Mr. T. P. Reid) the other night about pork and beans because most of these guys make very little contribution to the local

economy and they come and run their dogs all over the place.

I just wonder why the ministry cannot look seriously at bringing in some kind of regulation that would prevent the use of dogs for hunting bear in areas where there is a certain concentration of population, or perhaps designate certain geographic areas where you are allowed to hunt with dogs and others where you are not allowed to hunt with dogs. What is the problem with that?

I got a long letter back from one of the district managers talking about how their conservation officers try to cover this, control it, how they warn hunters when they are coming in to ensure that they have permission before hunting on private property. The question is, do they warn the dogs?

Mr. Hagan: Mr. Chairman, this is a problem that has developed over the last couple of years and it really is a kind of excessive thing that has developed, the business of a few hunters coming into Ontario with many dogs.

Mr. Wildman: They bring them in by the truckload.

Mr. Hagan: We have had a few bad scenes, as Mr. Wildman said. I think we can do something about it. I think it would be a lot easier if we had the amendment to the Game and Fish Act we are waiting for to help us control the number of dogs hunting bears. We have controlled dogs hunting deer at the present time but we don't have a clear-cut legislative control over the use of dogs in hunting bear.

Mr. Wildman: I understand that in southern Ontario you do have some responsible organizations of sportsmen who train dogs and so on, and I understand they want to continue training their dogs. I think it's a desirable suggestion you are making that we limit the numbers of dogs that are used in hunting bear, but why not go the route I am suggesting as well, and that is, designate certain areas and say you can hunt with dogs in this area but you cannot in this other area?

8:50 p.m.

Mr. Hagan: We are looking at that too. Again, it is a matter of having the act in place to do this.

Mr. Wildman: Okay.

Hon. Mr. Auld: I think it is fair to say we will be in a position to do it for next year.

Mr. Eaton: A supplementary to that: Does the municipality not have the right—just as it does to pass a bylaw preventing the dis-

charge of firearms in a municipality—to pass a bylaw to prevent dogs running loose in a municipality for hunting purposes?

Hon. Mr. Auld: They do, but I suspect this is an area without municipal organization, and that is the problem.

Mr. Wildman: That is right, it is an organized township.

Hon. Mr. Auld: In fact, there are townships outside the city now, are there?

Mr. Wildman: No.

Mr. Eaton: There are a lot of townships up there.

Mr. Wildman: Yes, but they are geographic townships and most of them have a lot of moose pasture and no people. In the areas they can go to their hearts' content and hunt with dogs if they like.

The other question is in regard to the new system with moose licences. Can the minister indicate, through his monitoring of the season this fall, what his feeling is in terms of taking and what the feeling is of the hunting organizations—or is it too early to do this? I know the hunters and anglers had some concerns, to put it mildly, about the use of a pair licence instead of the group licence, they were suggesting. What is the minister's feeling at this stage on the change for the year?

Hon. Mr. Auld: I don't know that we have enough data but I would say from what we have learned—and Doug can probably expand on this—we have obviously had some success in achieving our objective in reducing the harvest. We made some adjustments to the group arrangement as a response to the concerns expressed by a lot of hunters, particularly the Ontario Federation of Anglers and Hunters, but the purpose of the exercise was to reduce the harvest.

I have talked to many people, as I am sure you have. To many people, moose hunting is not just wanting to kill a moose, it is a comradeship of being out in the woods together. Once you have put your seal on your half or quarter, or whatever it is, of a moose, you have to go back to the cabin and that is the biggest single complaint.

As you probably saw, there was a picture in the Toronto Star the other day of a club who went out with a group shooting deer and had shot five. He got one for every licence in the group. That, of course, used to happen in moose hunting and this rule is specifically designed to stop that. So there are many people who are dissatisfied, just as there have been in the deer hunt where we have had very few doe licences—in some areas, one



of 45. There again, people are unhappy because that is not even one doe for the group. In other areas it has been almost unlimited as far as deer are concerned.

I think we are starting to achieve our objective of reducing the harvest. We took the action we did as a result of what we could perceive as being the least annoying route to take according to all the 70,000 people who attended the open houses and seminars we had around the province last fall. Do we have any figures yet to give any idea of what the success rate has been?

**Mr. Hagan:** No, we do not; not quite yet. We have some figures from the controlled hunt, but that is a different situation. We do have a pretty good indication, though, that it is going about the way we wanted it. Efficiency has been cut down, the take is going to be less and that is what we want at this point in time—to get the moose herd back on its feet and going again.

**Mr. Foulds:** It has been halved in the northwest from some preliminary figures I have seen.

**Mr. Hagan:** The big thing, of course, is the idea of hunters passing up that second shot—many times if they have one, they may have two. They are passing that up and that is a big thing for Ontario hunters. They have never had to do that before.

**Mr. Wildman:** I have had complaints from some hunters that because they now have to hunt in pairs there may be some problems in the sense that hunters are not as free in the bush as they were at one time and are operating in closer proximity to one another. Do you think that is a fair assessment or just the view of someone who is unhappy because he has to shoot one moose on two licences?

**Mr. Hagan:** That is probably a fair assessment. They have to maintain hailing distance with each other. If they do not, they run the risk of shooting two moose where they should have one. They have to be in contact with one another and be in communication with one another.

**Mr. Bolan:** What about radio?

**Mr. Hagan:** That would do.

**Mr. Bolan:** If you are using a radio, you are putting the person who is not using a radio at a tremendous disadvantage. Maybe there should be some regulation blocking mechanical devices within hailing distance or hearing distance. You could track a person 70 miles down the road with one of these walkie-talkies in the bush.

**Hon. Mr. Auld:** The fishermen with a depth sounder in a charge might have an advantage over the fishermen without one.

**Mr. Bolan:** You can regulate against that.

**Mr. Wildman:** Let's say there are two fellows and they buy licences. Is it possible for an individual hunter to go out by himself and, if he shoots a moose by himself, to tag it with his licence tag and the other fellow's as well? In other words, is it necessary for the two of them to be out in the bush or can one person on his own hunt on two licences?

**Mr. Hagan:** The regulation says they must be hunting co-operatively in a party of two or three persons.

**Mr. Wildman:** Can you explain why?

**Mr. Hagan:** For the simple reason that the situation you describe puts us back into the era of the good hunter being out there getting the meat. It is really not part of the—

**Mr. Wildman:** But if he shoots one, the other guy cannot go out then and hunt on his licence, because both the tags have been used.

**Mr. Hagan:** That is true, but it is not really hunting from the standpoint of recreation. It gets us back to the era of market hunting in a way; that is the connotation I get from it.

**Mr. Wildman:** The reason I raise that is I have a situation where two fellows have always hunted together in the past and one happens to be an Indian and the other a non-Indian. They now have to hunt with a third. They have to find someone else who will hunt with them because the one white chap has to hunt with another guy co-operatively. Why could he not have a friend who had bought a licence and have him go out still with his Indian friend and have him hunting on two licences?

**Hon. Mr. Auld:** Say that again.

**Mr. Foulds:** The point my colleague is making is a valid one. I think the objectives the ministry is trying to achieve are good and valuable.

**Mr. Wildman:** They are trying to cut the take, obviously.

**Mr. Foulds:** And they are trying to rehabilitate the herd. There are all kinds of things to do with habitat and so on, but the regulations are in danger of being so complicated that not only do the hunters not understand them, the people administering them do not understand them or have difficulty understanding them and even more difficulty enforcing them.

**Mr. Wildman:** If you had a hard time understanding my question, you can imagine the difficulty I had in explaining to this guy why he could no longer hunt with his Indian friend.

**Mr. Foulds:** And there are some unfortunate side effects, as my colleague has pointed out.

**Hon. Mr. Auld:** This is a status Indian?

**Mr. Wildman:** Yes, who does not need a licence.

**Mr. McKessock:** Do Indians not need licences?

**Mr. Foulds:** That is right.

9 p.m.

**Mr. Wildman:** Anyway, that is by the by. I said, "Why don't you just have your friend shoot the moose?" but he said, "That would not be honest."

At any rate, I would like to ask some questions regarding fishery. As the minister knows, there has been a serious problem in east Lake Superior this year in terms of the incidental lake trout catch. The quota for incidental catch was met very early, which meant the commercial fishermen had to stop fishing; they could not fish even though the whitefish quota had not been met.

There was a lot of concern about this, because, as you may or may not know, commercial fishermen are not eligible for some period of time for unemployment insurance benefits. If they are in a situation where they cannot fish and have no income, they are certainly not eligible for social assistance because their assets are too great, unless they were to sell all their equipment. This would not be a very good idea, and none of them wants to do that. Many of them faced a situation of about two months with no income. I understand there has been some accommodation made this fall, but it is only a short-term solution; it is not a long-term one.

Is there anything in sight on the part of the ministry to resolve this problem so that we do not end up with a similar situation next year in terms of the incidental-catch quota being met? You end up with a situation where the tail is sort of wagging the dog and you do not have fishing taking place for whitefish, even though the quota is not nearly met.

**Hon. Mr. Auld:** I happen to know something about that one, firstly because you brought it to my attention, and partly as a result of running into an old friend who used to be the general manager for the Council

of Commercial Fishermen. As you say, the incidental catch of lake trout was so high we were concerned. Our concern was based on the data that was established, I guess about 10 or 12 years ago, as to the number of lake trout in the area—what the annual crop was.

The ministry stopped fishing for a period, so that towards the end of September the fish migrate and the whitefish are away from most of the lake trout instead of their being together. As a result, a large number of inshore fishermen were, as you say, put out of business. We took off the ban in the middle of September rather than at the end of September, so that the time of the ban was reduced. Actually it was only about two or three weeks, as it turned out, instead of about six.

We also undertook to reassess the fish population in the next six months, because there is a strong argument on the part of the commercial fishermen, which is borne out by the larger deep sea fishermen who are offshore, that there are more lake trout around than our figures indicate.

**Mr. Wildman:** You have been stocking for some time.

**Hon. Mr. Auld:** So it may well be as a result of this—and the commercial fishermen believe it will be—that our new data will show an increase in incidental catch of lake trout is permissible.

**Mr. Wildman:** There is going to be a study completed in January, is that right?

**Hon. Mr. Auld:** That is the date I was given a month or so ago.

**Mr. Wildman:** Subsequent to that, there will be a reassessment of the situation and consultation with the—

**Hon. Mr. Auld:** There is to be a further meeting with that group.

**Mr. Wildman:** —Eastern Lake Superior Fishermen's Association.

**Hon. Mr. Auld:** I met Mr. LeBlanc. As a matter of fact, I had a half-hour discussion with him at the side of the road on my way to the airport.

**Mr. Wildman:** Would anybody here know how many treaty licences there are on eastern Lake Superior? Does the Batchewana band have one or more than one licence?

**Hon. Mr. Auld:** I believe there are about 20 smaller inshore fishermen and five or six deep sea.

**Mr. Wildman:** There are really only two or three deep ones, but my question was

specifically on treaty Indian fishermen. I would like to know, if you have any information, how many people are actually fishing on the treaty licences.

**Mr. Holder:** Just in eastern Lake Superior.

**Mr. Wildman:** Yes. The other question relates to that indirectly and is in regard to the minister's statement in the House during the time we were debating the amendments to the Game and Fish Act. I have looked at that statement and I have tried to determine whether or not it actually means anything new, or if it is a very skilful restatement of what has always been ministry policy. Subject, of course, to the federal Fisheries Act, does it mean the ministry is prepared to negotiate with the bands or the treaty organizations the provincial regulations set under the federal act?

**Hon. Mr. Auld:** I do not have the statement in front of me, but in essence I mentioned I had a meeting with the chiefs and suggested we would approach the federal government. I think everybody understands that our fishery regulations are actually passed under the Canada Fisheries Act; the federal government traditionally has accepted from provinces whatever regulations they put forward. I was prepared, and the federal minister agreed, to produce a regulation for a treaty area which in effect carried out the provisions of the treaty regarding fishing rather than in the treaty area. At that meeting, the chiefs would not accept that.

**Mr. Wildman:** You were suggesting a permit, which is what they would not accept.

**Hon. Mr. Auld:** No, I think that is somewhat. This statement outlines our stand: "We have taken the position that the treaties in northern Ontario take precedence over the sections of the Game and Fish Act that relate to the taking of game, except those sections dealing with selling game, wasting game or public safety."

Then a few paragraphs later, the statement says: "Probably the most difficult aspect of his issue to deal with is the fishing. This is largely because in a legal sense the Ontario shery regulations, which are actually federal regulations under the Fisheries Act of Canada, apply to status Indian people in Ontario as well as to all other people. This of course, does not recognize that some status Indian people have treaty fishing rights."

"In view of this, I have agreed to recognize, through changes in the Ontario fishery regulations, an Indian food fishery for each band that has fishing rights under a treaty.

I have further agreed to negotiate these changes with the Indian people and the federal government.

9:10 p.m.

"We realize that negotiations of such changes will likely take considerable time. Because of this, the Indian people asked that we propose interim measures to reduce the number of charges against the Indian people under the Ontario fishery regulations during these negotiations. In response, I offered to issue a permit to each individual Indian band that had treaty fishing rights in order to use their domestic food fishery within an area near its reserve as agreed to locally with our field staff." In other words, that was an interim measure." This offer was rejected by the representatives of the Indian people.

"I have also agreed, as requested by the Indian people at our meeting on June 18 of this year, to look at the feasibility of establishing a procedure that would provide for an administrative review of all charges proposed against status Indian people under the Ontario fishery regulations." That is another issue which has to do with that great big grey area of whether it is commercial fishing or fishing for food.

**Mr. Wildman:** When do you anticipate meeting with them to begin the long process?

**Hon. Mr. Auld:** At the next tripartite meeting I propose to bring it up again. If I can put it this way, that offer still stands, but I can't really go any further than that because there are some bands or some chiefs who take the view their aboriginal rights should not have been surrendered or were not surrendered when they signed the treaty. On that occasion, one of the chiefs, the grand chief of Treaty 9, Dennis Cromarty, said that as far as he was concerned they would only negotiate with the government of Canada and wanted to attend the meeting of the first ministers, which is outside my jurisdiction. I can't arrange that for him.

**Mr. Wildman:** No, he wouldn't want you to, knowing his constitutional stance.

**Hon. Mr. Auld:** I think this is a fair arrangement and something we can live with. I think it would be of help. I hope we will come back to it.

**Mr. Wildman:** In that statement you stated you could not deal with trapping because there was a case before the courts. I don't want to get into the particular case because I know you can't deal with that since it is before the courts. However, is not the case you are referring to the case of Simeon



Cheechoo in the Treaty 9 area? That case is before the courts because your ministry has appealed the decision in which the judge found he was not guilty. You are appealing to a higher court, so you are saying you can't deal with a matter which is before the courts because your ministry has appealed it.

**Hon. Mr. Auld:** I also said it is our view the registered trap line system in Ontario applies to all status Indian people in Ontario as it does for all non-Indian people.

**Mr. Wildman:** Is that why you have appealed it?

**Hon. Mr. Auld:** Yes.

**Mr. Foulds:** In other words, the Game and Fish Act does apply in terms of trapping.

**Hon. Mr. Auld:** That's what I said.

**Mr. Wildman:** The only other thing I want to deal with—and I understand for some strange reason it does come under fish and wildlife—is wild rice.

**Hon. Mr. Auld:** Actually it comes under the resource products forest management group.

**Mr. Wildman:** Okay. I will leave it until then.

**Mr. Chairman:** Mr. Foulds, there are five after you speak. We have gone four and a quarter hours in this program and we had two and a half hours allotted to it. I just want to remind you of that. It doesn't matter to me.

**Mr. Foulds:** As a matter of fact, Mr. Chairman, I was just going to remind the committee of that myself. Although I have considerable material I want to deal with, particularly with regard to moose management, I will find other methods of dealing with that with the ministry. I relinquish my place in view of the almost two hours we are running over in the hope the committee can get somewhat closer to the schedule by members keeping their remarks brief for the remainder of this vote.

**Mr. McKessock:** I have a couple of things I want to bring up. The first pertains to fishing in Algonquin Park and the second to splake and commercial fishing in Georgian Bay. The first pertains to the ban of outboard motors in Algonquin Park. Are no outboard motors allowed in the park?

**Hon. Mr. Auld:** There are still outboard motors of under 10 horsepower in about five lakes. Is that right, Mr. Foster?

**Mr. Foster:** Sixteen lakes.

**Mr. McKessock:** So outboard motors under 10 horsepower are allowed in 16 lakes in Algonquin Park.

**Hon. Mr. Auld:** I think there is still one lake—Cache, is it?—where there are larger motors for another two years or something. In the rest they are banned.

**Mr. McKessock:** In how many lakes are outboard motors not allowed?

**Hon. Mr. Auld:** The balance.

**Mr. McKessock:** About how many is that?

**Mr. Foster:** Probably about 1,200.

**Mr. McKessock:** I see why you mentioned the other number first. I want to read you a bit of a letter I got from an older gentleman who doesn't agree with that.

"For many years I have fished in Algonquin Park, being 68 years old now. As recently as 1980, I have been told I can no longer use an outboard motor of small horsepower in the park. Now I can no longer reach my favourite lake." He doesn't say which one it is. I guess it is one of those 1,200. "This entails a six-mile paddle up Butt Lake, three portages and more paddling against prevailing winds. I am wondering if it would not be possible to let some of us oldtimers use up to five horsepower motors to get to where we want to go fishing. I still want to go fishing, but I can no longer paddle against a headwind for three hours to get there. Does the Ontario government realize what they have done when they deprive us senior citizens of the privilege of using the park fully?" That is the content of his letter.

**Hon. Mr. Auld:** He may be one of my constituents because I received five very much like that. I had a meeting with a group that had the same problem. One of the things we asked the Provincial Parks Council to look at as it did its review of Algonquin Park—it started about a year and a half ago—was that very question. As a result of the public meetings they held and of submissions such as that, they still recommended there be no change and I accepted the recommendation. The argument put forward was that, while it is certainly unfortunate, there are people of all ages who for a variety of reasons are no longer fishing in the park because they want to fish with motors. They have to fish somewhere else.

**Mr. Eakins:** Because of pollution.

9:20 p.m.

**Hon. Mr. Auld:** Here is what the council said about motorboats in its fifth annual report for 1979 under background and discussion: "Prior to 1974, regulations under the Provincial Parks Act permitted the use of power boats with motors in excess of 10

horsepower on 29 lakes in Algonquin Park. All other lakes and waters were restricted to boats with motors of less than 10 horsepower. The 1974 master plan stated that: "Beginning in 1975, the use of motorboats will be phased out except on Opeongo Lake and 26 leasehold lakes." Leasehold lakes are lakes with cottages around the shoreline. "In 1974, changes in the regulations were made to meet the conditions of the master plan. The new regulations allowed both boats with motors of 10 horsepower or less on 11 lakes and unlimited horsepower on 16 lakes for a total of 27.

"All other lakes and waters in Algonquin Park were to be closed to motorized boats. However, public opposition to the policy resulted in delayed implementation and the matter was referred to the Provincial Parks Council for study. In 1977, the parks council recommended that motor boats be banned except on the 27 lakes set out in the regulations and on seven additional lakes with the provision that motorboats be banned on the additional seven lakes during July and August.

"In December of 1977, the government accepted the recommendations with the addition of five other lakes to facilitate travel to and between the lakes recommended by the parks council.

"Little evidence exists to suggest that there is a conflict between canoeists and outboard motors in the recreation utilization zones in the spring and fall. If there is an ecological problem related to motorboats, for example, fish populations or bird nestings, such problem areas should be identified and motorboats restricted from those lakes. In recreation utilization zones, the basic managerial objective is to prevent conflicts between different park users.

"For example, in an attempt to eliminate conflict between the paddling public and logging operations, timber harvesting is not allowed near waterways or portages. Given this approach to canoeists and loggers, it is difficult to restrict motorboats unless it can be demonstrated that canoeists are bothered by them. Many members of the public expressed opposition to motorboats in the park on philosophical grounds. Existing evidence suggests that the current problem between canoeists and other recreationalists and motorboaters, occurs on the lakes where very large motors are used. This conflict is increased—and this is the biggest single point—when large motorboats are used to pull water skiers."

The recommendations of the council are as follows: "Motorboats not exceeding six horsepower should be allowed in the recreation utilization zones in the spring and fall. This recommendation is contingent on the wilderness zone being substantially increased." That is another issue.

"On leasehold lakes, most of which are in the development zone, motorboats should be restricted to 10 horsepower.

"Where it can be demonstrated that motors are a management problem on a particular lake, they should be banned on that lake at the discretion of the park superintendent." There was a vote on that in the council. Of the 10 people there, eight were in favour and two were opposed.

"Where there is a need for outfitters or lodges to have motors greater than 10 horsepower, they should have to receive special dispensation from the park superintendent. If such dispensation is granted the motors must be kept at low speeds and not used for water skiing."

**Mr. McKessock:** It sounds as if they are banned more for nuisance or interference with canoers than for noise or pollution.

**Hon. Mr. Auld:** As I say, one of the significant things there is on the philosophical grounds of Algonquin Park being not quite a wilderness park, but not a multiple-use, heavily civilized park—"civilized" is not the word.

**Mr. Eakins:** May I just ask a supplementary? Why would you ban the small Shakespeare electric motors which produce no noise and no pollution, so that one doesn't even know they are going by? They are very small, but because they are considered an outboard they are banned.

**Hon. Mr. Auld:** They are still motorboats.

**Mr. Eakins:** Yes, but it is silly to ban them just because they are called a motorboat. One cannot hear those little electric Shakespeare motors nor even know they are around. They are great for trolling. What is wrong with them? They produce no noise and no pollution.

**Hon. Mr. Auld:** The point is the philosophical point which comes up in the park all the time about trying to make it as natural and unmechanical as possible.

**Mr. Eakins:** Give me one good reason why a small electric motor like the little Shakespeare shouldn't be used.

**Mr. McKessock:** I guess it moves too fast in a slow-moving area.

**Mr. Eakins:** It moves slowly.

**Mr. Bolan:** It is against the philosophy of the spirits.

**Mr. Eakins:** That is a lot of crap. I would like a good reason, rather than just saying because it is an outboard, therefore we ban it. There has to be a reason why you would ban outboard motors such as the pollution, and the noise. With these little motors, you can go sailing by. They are great for people who want to go trolling and fishing. What is wrong with them really?

**Hon. Mr. Auld:** As I say, it is a motor.

**Mr. Eakins:** That is a ministry reply. I think it is silly. In the meantime, maybe you could come up with a good reason.

**Mr. Chairman:** Are you finished, Mr. McKessock?

**Mr. McKessock:** No, I am not finished. I will drop that point though. We are not getting anywhere.

**Hon. Mr. Auld:** With five horsepower, you do move very slowly.

**Mr. McKessock:** You move much slower when you are paddling, or walking and carrying a canoe.

**Hon. Mr. Auld:** In years gone by, I used to paddle through the parks. It is incredible to see the number of people who are now taking canoe trips. In those days, in 1936, 1937 and 1938—

**Mr. McKessock:** When you are 68 years old that is a bit of a problem.

**Hon. Mr. Auld:**—if you saw anybody once you got past Smoke Lake, it was very surprising. There was a lady in Brent—this is information that is not in our booklet—who made homebrew out of potato peelings, orange rind and stuff, and at 16 we slept very soundly, but she is no longer there.

You wanted to talk about wildlife or wild rice?

**Mr. Wildman:** I am a Wildman, but I wanted to talk about wild rice.

**Hon. Mr. Auld:** I was thinking of Brent. Wild rice does come under fish and wildlife evidently.

**Mr. Wildman:** Oh, I was right.

**Hon. Mr. Auld:** I am sorry, yes.

**Mr. Wildman:** I will get you later.

**Mr. Chairman:** Mr. McKessock, are you finished?

**Mr. McKessock:** No, I am not, Mr. Chairman. I mentioned the splake in Georgian Bay and asked whether this is going to be successful or it isn't. Certainly they have been catching more splake there this year. They had a successful derby in Owen Sound

this fall as I guess you realize. Their continued concern is to have enough fish for sports fishing and derbies such as the one they had in Owen Sound. Their concern is for what is happening to these splake in the commercial fishing area.

My understanding is the commercial fishermen are not supposed to fish for splake, but they are allowed to keep anything they catch when they are fishing for something else. Is that what you call an incidental catch? I brought this up in the debate on the amendments to the Game and Fish Act, but I do not believe you were in the House. The Sydenham Sportsmen's Association and the Ontario Federation of Anglers and Hunters have been asking for the figures on the monthly catch of the commercial fishermen. The ministry has been providing only the yearly catch figures.

Before you answer that, I would like to read you a letter I have here from the Sydenham Sportsmen's Association. It is very pertinent and the whole thing is not very long.

"Enclosed is our October bulletin which we thought you would be interested in receiving. At this time, we wish to ask your assistance in a matter involving the splake issue which thousands of anglers and fishing organizations in southern Ontario are extremely concerned and upset about. It involves the relentless pursuit of splake by commercial netters along the west shores of Owen Sound Bay and in the Cape Rich-Johnson's Harbour areas of Georgian Bay near the Meaford tank range, in each area which are Ministry of Natural Resources stocking sites for the species.

9:30 p.m.

"The 1979 plants of splake in the above areas have been reduced as much as 50 per cent, and as few as 30 per cent may only be left due to overexploitation, largely by netters. This is unofficial information provided by certain MNR staff who, like us, have their fill of the commercial exploitation of splake.

"The enclosed articles cover one particular netter who apparently regards himself exclusively as a splake netter. You will also note that the advertisement placed in the Owen Sound Sun Times by Mr. John Perks, secretary of the Georgian Bay-Lake Huron Commercial Fishing Association, which states publicly that he and other members of his organization will avoid the netting of splake in order to allow them to survive and possibly reproduce. However, both Mr. Perks and Mr. Jack Howell have been taking



thousands of pounds of splake, despite the public promise to lay off.

"Our association has asked for splake catch records for 1979 and to date in 1980 for both these commercial fishermen. However, this information cannot be released, according to MNR. We find it ironic that angler creel census data can be obtained any time, but records on the thousands of pounds of splake being taken by netters is confidential.

"Our contention is that the public paid dearly for these fish for 20 years, only to pay again at the market. Therefore, the public should be aware, or at least be able to find out information on the catch records.

"Our second concern is with respect to the appended letter from MNR—our reply is also attached—requesting our comments on the suggested daily limit of three fish for any combination of Lake Huron-Georgian Bay splake, rainbow and salmon. We had verbally advised Stan Munroe and Ralph Tippet, via the attached letter, that a reduction from the current five daily limit is unacceptable when netters can take tons at will, particularly splake.

"Anglers are now starting to purchase bigger boats, expensive downrigging and sonar equipment and tackle for summer rainbow and splake fishing. It simply isn't worth the investment for an angler to equip himself for only three fish per day. To top it off, if the limit is in fact reduced, we may be looking at only one splake per day.

"The above-described situation has the potential of stimulating a riot amongst sports fishermen and groups such as ours if netters are allowed to continue all-out warfare on the splake and noncommercial species to some degree, like rainbows, while the anglers become more and more regulated."

They have brought up two things there about the commercial fishing of the splake. They would like monthly records of the catch and they also comment on cutting down from the five-catch limit to three fish.

Hon. Mr. Auld: Did I catch it correctly that in one part of that letter they were complaining they were unable to get individual records?

Mr. McKessock: They were unable to get monthly records.

Hon. Mr. Auld: I thought there was something about the records of two fishermen.

Mr. McKessock: Yes, they did mention that.

Hon. Mr. Auld: We would not give that information. What we do is bulk it for obvious reasons, such as competition and so on.

Mr. McKessock: That is a problem because what they want to do is determine where these fish are being caught. If they are being caught in the planting ground, then maybe things can be shifted. Maybe you can plant your fish somewhere else or maybe you can have the commercial fishermen fish somewhere else. If they have only yearly figures, these are really no good to them because they can't tell what is happening except that they are catching fish.

Hon. Mr. Auld: Afterwards we can perhaps get into this a little more. I am not familiar with the day-to-day mechanics. I know we get monthly records and, as a matter of fact, we depend on the co-operation of commercial fishermen to give us accurate information on which we can base our predictions as to how the various species are doing in those areas. I won't get into it, but you can tell from the age and the size of fish whether they are on the increase or the decrease; whether there are too many fish for the area or too few; whether there is enough to eat, and a variety of things like that. The commercial fishermen in general are co-operative and give us monthly reports. In some cases, we get the reports right on time, though sometimes they are a little late, but it is quite a problem to give monthly reports. We can look into it and see if it is feasible and isn't going to cost us too many man-hours to do. The significant data is the total yearly catch. As to individual records, if we were to give individual figures, we would stop getting reports from a lot of people.

Mr. McKessock: Isn't it too bad if you have to depend on them to give you those reports to find out how the fish are doing? They are not even supposed to be catching these fish.

Hon. Mr. Auld: We also get samples too. Are you familiar with that end of it, Mr. Holder?

Mr. Holder: Reasonably. As you have mentioned, I think they are forbidden to release individual figures.

Mr. McKessock: Change the law.

Mr. Holder: We make available the bulk information in terms of the industry catches in the area. That kind of analysis is available through agreements with the fishermen's associations. We can make that kind of thing available. We can't make individual catch records available. That does not mean we are not able to use them. They are required by law to submit them and we use them a great deal in making our management decisions. They are very valuable to us in making management decisions.

The problem you are alluding to is the problem of the catching of splake by commercial fishermen and/or by anglers, and it is one we are addressing very seriously. There is currently a task force looking at how we can reduce this. As you are probably aware, commercial fishermen, even with the best intent, use gill nets, which are the only effective means we have at this point prior to harvesting certain species of fish in the Great Lakes. That method is not fully selective and one can't avoid some incidental catch. That is one of the problems we face all the time in the fisheries, but there are methods of reducing it by keeping them out of certain areas at certain times of year. We are examining it currently, both from an angling and a commercial point of view. We are reviewing it very actively at this time.

**Mr. McKessock:** You should be able to use those monthly figures for the same reason as the sportsmen's association wanted them.

**Mr. Holder:** That is right. We should be able to take those into consideration and make the proper decisions based on them.

**Mr. McKessock:** Can you determine by these monthly figures whether these fish are being caught in the planting grounds, or can you make the decision that you should plant them in a different area? Would you surmise that eventually, when the commercial fishermen begin to catch less in their nets, you will be doing a better job of planting them or a better job of placing them in the lake where they can fish?

**Mr. Holder:** Let me get back to the fundamental reason we have had this splake program from the start. It is to try to get a fish that can avoid the lampreys through early spawning. You have heard all this before, but I think we have to continually reaffirm it. This is why we are trying to develop the splake. We are trying to develop the lake trout light species that spawn at a much earlier date and, consequently, can spawn before the lampreys can reduce it to a level at which it can't effectively reproduce itself.

Obviously, as long as we keep that primarily in our minds, then we accept a certain management strategy. That is to try to make sure there are enough of them out there now, that there are signs they are really catching on, and there is a chance for them to reproduce naturally. That is our primary objective, but at the same time, obviously, we would have to try to produce some fishing.

9:40 p.m.

We are trying to maximize the return to the anglers; I do not think there is any

question about that. It is our objective that those that are taken should, where possible, be taken by the anglers. At the same time, we do not want to put the commercial fishermen out of business.

**Mr. McKessock:** On the second point you brought up about reducing the catch from five to three fish per day, they are certainly up in arms about that. Is that going to be squashed? At what stage is that?

**Hon. Mr. Auld:** I have not received any recommendation such as that.

**Mr. McKessock:** This is a Ministry of Natural Resources recommendation.

**Mr. Holder:** We are in active discussion with the anglers and the commercial fisheries over the means of reducing the harvest there. This is just one of the items that is under discussion. I presume if there is a universal reaction against it it will not likely be adopted.

**Mr. McKessock:** They have been asking for the planting of brown trout in the Georgian Bay area. I understand this fish will stay close to shore and will increase sport fishing considerably at different times of the year. Wasn't there some commitment you made there?

**Hon. Mr. Auld:** It seems to me it was in 1982, conditional on our getting some stock, I believe from Montana. We are going to use some of those as breed stock; we are going to plant some of them. Is it in 1982?

**Mr. Holder:** It will be 1982 before any of those would be at the right size to stock as yearlings plus.

**Mr. McKessock:** How many of those are going into Georgian Bay?

**Mr. Holder:** I do not think a firm decision has been made.

**Hon. Mr. Auld:** It will depend on a number of things. It gets a little complicated when we are stocking various species in various places. We start off with so many eggs, sometimes 20,000 and sometimes 15,000. We may get a better survival in one species than in another for unexpected reasons and we do a little juggling. The actual number probably will not be decided until three or four months before the planting takes place.

**Mr. McKessock:** That will mean the numbers are cut down but Georgian Bay should still get a percentage, though it may be less than what was originally planned.

**Hon. Mr. Auld:** I think somebody asked me that. I said I was not in a position to respond because there were so many unknowns this far ahead.

**Mr. McKessock:** Would it not be fair that a percentage would go to Georgian Bay? If they are cut down by so many thousands, it should not be Georgian Bay that is cut out.

**Hon. Mr. Auld:** Except, as Mr. Holder said earlier, there are some species we would not plant in certain waters.

**Mr. McKessock:** They happen to be the ones that do not survive.

**Mr. Holder:** We have naturally reproducing brown trout stock there now in some of those streams. Some of the best brown trout streams are up in that area.

We are getting fairly sophisticated from a genetic point of view in managing fish stocks. One of the concerns is that if we stock a species of a certain genetic makeup on top of a naturally-adapted genetic stock, we can destroy what we have there already. These are the things we are starting to learn that make our brood-stock approaches of the past not very effective. It is getting pretty complex.

We are concerned that until we can develop from this Montana stock, perhaps through backcrossing with native fish, if we develop something that might be more adapted to that area, we might do more harm than good.

**Mr. McKessock:** In other words, you have not taken any of the native fish at the present time to try to reproduce them?

**Mr. Holder:** No.

**Mr. McKessock:** Is that a possibility? In this commercial operation next to me, the fishermen could even go right outside his door and catch a brown trout.

**Mr. Holder:** I do not think his are native stock either.

**Mr. McKessock:** No. But the native stock are in the creek; the brown trout are there.

**Mr. Holder:** If we are talking about native trout backcrosses, one of the places we would look would be in those streams of Georgian Bay, I am sure.

**Mr. McKessock:** The point came up as to why are we not moving ahead faster, and it is because we do not have the money. This brings up the point we have been bringing up for several years about the fishing licence. These sport fishermen are quite willing to pay for that licence if they could be assured the licence money was going towards reproducing fish that can be stocked.

**Hon. Mr. Auld:** Under the Canadian budgetary practice—that of all revenue going into the consolidated revenue fund and not having earmarked funds—nobody can give that guarantee. What I have said in answer

to that same question or comment is that we started the spa with \$2 million in the first year and we added a third million. If we had introduced a resident angler's licence at the figure that was quoted—\$5—and depending on whether they had family licences or individual licences, there were prognostications made that we would probably have raised something in the order of \$9 million. If somebody gave us \$9 million in one year to invest in improving fisheries, we could not use it properly. It will take us another two or three years to get close to that figure.

I reminded my predecessor, who is now the Treasurer, at lunch today that our stock program was going to reach its maximum, which would be an additional \$9 million. It will be about double the amount of money that has been going into fisheries, enforcement and all the peripheral things. Assuming I am in this position at that time, I am then prepared to recommend that we take another look at the resident licence. We will be able to say to people that this is what we are doing. We cannot statutorily guarantee that every penny from fishing licences will go into fishing. The corollary of that is that if we set up a special fund and something happened, we would have no money.

**Mr. McKessock:** Something happened?

**Hon. Mr. Auld:** For example, in the States a lot of programs are in dedicated funds and when those funds run out the program ends. People's salaries do not get paid in some cases. I remember in Michigan, for instance, in the toll roads committee, when we were looking at practices in some of the US jurisdictions, their motor vehicle revenue is in a dedicated fund. So much goes to the state, so much to the counties and so much to the cities. How much money goes out depends on how much money comes in. They do not really know until the end of the year.

New York State had to have a referendum about two or three years ago for their equivalent department of game and fish—I have just forgotten what it is called. Their costs were going up but the revenue was not. They had a dedicated fund; certain revenues would come in and that was what they ran their game and fish program on. They had to lay some people off, cut back on their programs and they had a referendum.

**Mr. Eakins:** Would that not be additional funding and not replacement funding?

**Hon. Mr. Auld:** No.

9:50 p.m.

**Mr. Eakins:** Why not? Why not additional rather than replacement?



**Hon. Mr. Auld:** I am talking about the US program where they have dedicated funding. What we have undertaken to do is to institute this program. It will take us another four, five or six years to get to that maximum. I am prepared when we get it running—we are starting to show a few results now, but the expenditure is still not near the maximum—to recommend that there be a resident angler's licence. But government policy, at the moment, is that there will not be a resident licence.

**Mr. McKessock:** I think you mentioned you would not allow it. I think you indicated you might not know what to do with the \$9 million the first year.

**Hon. Mr. Auld:** No. I said I did not believe we could extend it effectively.

**Mr. McKessock:** Of course, there are such things as banks. You could set it aside for a period.

**Hon. Mr. Auld:** No, we cannot.

**Mr. McKessock:** You cannot? Call it a heritage fund.

**Hon. Mr. Auld:** Read the Financial Administration Act.

**Mr. Eakins:** You could not use it if it was there now?

**Hon. Mr. Auld:** Not effectively.

**Mr. McKessock:** Do you mean it is against the government's policy to have any money left over at the end of the year and that it must be in debt?

**Hon. Mr. Auld:** No. We are attempting to reach a balanced budget. We have reduced the rate of deficit from almost \$2 billion. At the moment this year I think the latest prediction is \$945 million.

**Mr. McKessock:** I just want to mention that if you allow the private sector to get into fish-rearing for us, it might be more effective and efficient too.

**Hon. Mr. Auld:** We are looking actively at getting private enterprise into the fish-rearing business for us.

**Mr. Wildman:** A private fish sanctuary or fish hatchery cannot import eggs from the US.

**Hon. Mr. Auld:** Neither can we, unless they are certified disease-free.

**Mr. Lane:** Mr. Chairman, I will be very brief. I was on once before but I was so hepped up on fishing and hunting I did not get around to asking you about the rabies situation. A lot of farmers in my area are concerned about the effect on livestock, pets and, in some cases, children. Is it a cyclical thing in which there is a high and low every

six or seven years? What information do you have on that?

**Hon. Mr. Auld:** We may be going around checking people's teeth to see if there is any of that dye on them and see who is eating the meatballs.

**Mr. Eakins:** Do you make drops into Manitoulin?

**Hon. Mr. Auld:** No, the Bruce Peninsula primarily. We would be dropping a few meatballs in Grey county.

**Mr. McKessock:** Manna from heaven.

**Mr. Foulds:** We try not to eat them, although some of our people are poor.

**Hon. Mr. Auld:** Actually, we are making progress in two fields. One is the oral vaccine. We originally started out with a plan to use a so-called killed vaccine, based on the experience in other jurisdictions. It is a live but weakened rabies vaccine absorbed in a meat bait. Actually the best place to get it, and where we have to get some of it, is in the intestine of the animal. The theory is it creates an immunity. This is done with some vaccine for people.

However, we had such a vaccine. When we got into this in a bigger way with money from the Provincial lottery in 1978, several developments combined to change the direction of the research. A number of problems with several different live virus vaccines, combined with a laboratory accident in the United States in which a laboratory technician developed rabies while working with the vaccine strain, changed the climate among public health people. There are still questions about the stability of the weakened virus. So apparently there is a slight danger of reverting to a virulent virus.

The killed vaccine is much safer but not as effective. We are now supporting a program to work on this angle. Contracts were signed with Connaught Laboratories in Toronto, the University of Toronto, Queen's University and the University of Guelph. A recent experiment has shown that present-day commercial killed rabies vaccine will not work well enough when put into the intestine. However, the various teams are following up several other possible avenues. In short, for good reasons, the program has not developed in the direction we originally planned, but we are making progress.

We made good progress with the bait system. The bait that is dropped has tetracycline in it. When we find animals we can tell from their teeth. A slight dye affects the base of the teeth. So we can get a good idea of the kind of coverage from an aerial drop.

Another interesting thing going on is to get a container for the vaccine that will not dissolve until it goes through the stomach and into the intestines. On average, you can work out the time as to how long the digestive process takes because that is where the vaccine is most effective. You need more of the killed vaccine and you need it in the right place before it can be effective. We are making some progress on it.

**Mr. Lane:** Does it run in cycles? Is there a high and low cycle? About 10 years ago on Manitoulin Island we had a lot of it. Lately I have not heard anything about it.

**Hon. Mr. Auld:** It has come from the Arctic. It is now getting into northern Quebec, too. The rabies capital of the province, I am sorry to say, is in the counties of Leeds and Grenville, in my area.

**Mr. B. Newman:** You can bring that home with you.

**Hon. Mr. Auld:** Stay away from me, I will tell you. I bite. I have new respect around the House.

Seriously, it is a major problem for livestock and people and a costly one. We keep reminding people to have their pets vaccinated. It is an important thing to do. The virus lives a long time. The colder it is the longer it lives. That is why you find it in foxes and groundhogs. They use the same holes at different times of the year. One animal dies and another animal comes in and eats it. That virus is still alive; that is how the chain keeps working. I cannot say if it as come farther south—except that it just spreads.

**Mr. McKessock:** Do you mean rabies lives in a dead animal? My understanding was that when the animal died so did the virus.  
0 p.m.

**Hon. Mr. Auld:** Generally—it varies—but about 30 days after the animal is bitten it dies but it is not rabid actively. It is sort of quiet for a brief period. It is the last two or three or four days when it goes around biting people and automobiles and all kinds of things. If it dies and it's underground and is nice and cool in there, a year from now something comes in and takes a bite of whatever is left—there wouldn't be very much—the chances are it would pick it up.

**Mr. McKessock:** So it would be dangerous for humans who are handling dead animals well?

**Hon. Mr. Auld:** If you have a cut on your finger. You can be vaccinated against it. We have a group in Essa township which has

been working for several years catching foxes and skunks and groundhogs and one thing and another, particularly foxes because foxes move a lot. They put a radio transmitter around the animals' necks which sends out different signals and they track them at night which is when they generally move around. There was one fox that they tracked that was very popular, he had friends all over. He did about 150 miles in two days. He went right up the peninsula and back. Now, if he had been rabid—

**Mr. Eakins:** On constituency work. Was he a Liberal?

**Hon. Mr. Auld:** He may have been looking for that short-sighted moose.

**Mr. Lane:** It is a concern. I just hope that somehow or other we can eventually reduce it because a lot of people do not get their pets vaccinated and then if the kid gets bitten by a dog or scratched by a cat or whatever, the kid has to take the shots. The farmers are worried about their cattle on the ranch. They do not see them for two or three months at a time up in our area and I was just wondering where it's at. That was all. We don't see as much of it in Manitoulin as we did 10 years ago, thank goodness, but I am just wondering where it was at in total.

**Hon. Mr. Auld:** Where it's at is where I live, unfortunately.

**Mr. Lane:** Thank you very much. You keep it there.

**Mr. Eakins:** I just want to ask you or members of your ministry about the state of fishing, especially in regard to the Kawartha Lakes area and the very beautiful area of Bobcaygeon. I ask you this because I have received a number of inquiries from people who are old-time fishermen who really know what they are talking about. I received a letter from one of the tourists and sporting enterprise establishments in Bobcaygeon which stated, "I don't know if you have seen this article but to me it is sure a message that at least something should be done about fishing." He is referring to the article by John Power in the Toronto Star Outdoors section of Friday, July 11, in which he talks about the troubled waters due to acid rain, other pollutants, and about how the walleye generally has fallen on tough times. He says the catches are slimmer than they were a few years ago and legions of US anglers are staying home where state-side fishery management has vastly improved the fishing while ours continues to plummet. Just to continue further, I had a letter from a lady in Lockport, New York. She brought some

high school students here to see the Legislature and I met them at that time. When she wrote a letter of thanks back to me the last paragraph stated: "The fishermen of western New York have a question for you. Where have all the walleye gone?" I want to refer to a letter sent to the Lindsay office of Natural Resources from the Bobcaygeon Chamber of Commerce and I want to read a couple of paragraphs here. This is dated August 22, 1980:

"Throughout this past summer we have had an unusual number of complaints regarding the fishing in our two lakes, Sturgeon and Pigeon. We do realize the unusual spring weather may have had something to do with this but many of the complaints have been issued by people who have fished this area for the past 25 or 30 years and all said this is the worst year they had ever experienced.

"Our membership urges a complete restocking of the lakes, that is pickerel, bass and muskie, and would, of course, like to see a size limit on the pickerel and bass. So many people visiting this area throughout the summer months keep fish that are only eight to 10 inches long. When we had our Canada-US walleye tournament which was held in the Bobcaygeon area in May, we put a size limit on the fish of 14 inches and there was no problem with returning the smaller fish to the lake alive.

"With a little education on how to return a fish to the water alive along with an extensive restocking program, you could perhaps restore our fish population."

He goes on to say, "With tourism being such a critical part of the economy of the country, we certainly feel that we should receive the support of all government bodies to correct situations that exist now before tourism dies in our area due to a lack of good fishing." I point out that certainly the fishing is a very large part of the Bobcaygeon area and it means a great deal to their economy.

I want to say—before you reply—that the chamber of commerce in Bobcaygeon has not just sat back and complained about it. I believe on November 16, in another week and a half, they are sponsoring a meeting in Bobcaygeon which will be open to the public and which your Lindsay ministry people will attend to discuss the fishing situation generally, I suppose from the standpoint of what the ministry might do.

I wonder if you or your people might comment on the walleye and pickerel situation in the Kawartha Lakes especially in the light of the concern expressed by the chamber of commerce and others who are the

guides and old-time fishermen. I received more complaints this year than I have for a long time. I know they have been generally unhappy with what is happening, but it seems to have reached a peak this year.

**Mr. Holder:** That is an area that has not yet come to my attention in terms of problems. It seems that you can usually count on fishermen complaining from practically any area of the province at any given time, but I am not aware of any in that area. I don't know whether George Whitney was previously out there. Would you care to comment?

**Hon. Mr. Auld:** There are a lot of lakes in the province and a lot of different problems and it is kind of difficult for anybody to know what is going on in every one. George knows a great deal about eastern Ontario because he was in Kemptville until about a year ago.

**Mr. Whitney:** As a matter of fact, I had a gentleman in my office the other day from Bobcaygeon who was concerned about the walleye fishing in the Kawarthas. From what I was able to determine, basically he was concerned about the lack of larger fish caught in that area. What has been happening in the Kawartha areas is that the larger fish have come under intensive harvest pressure and the number of big fish in the creel have decreased, but the number of pounds of fish caught in total in the Kawartha areas appears to be holding steady.

**Mr. Eakins:** How about the size limit?

**Mr. Whitney:** You are talking about a size limit over which you keep the big fish and throw the small fish back sort of thing?

**Mr. Eakins:** Right.

**Mr. Whitney:** Essentially what you would do is worsen the situation that exists now in that the larger fish would be kept and you would have more smaller fish. That is the problem as it stands right at the moment.

**Mr. Eakins:** You do not agree then with the PROP committee, the Preserve Our Pickerel group? Isn't that right? It's a very strong lobby out of Peterborough, I believe.

**Mr. Whitney:** I think the general size limits are not a good idea. Most of the fish in the fish population, if you examine the lake, are small anyway and the larger fish are the spawners. Essentially what you are doing is encouraging anglers to keep the spawners and throw back the large numbers of small fish which would suffer natural mortality in any event.

10:10 p.m.

Size limits do work under certain conditions and in certain waters but in general,



across the board, they are really counter-productive. Down in division 10, where a size limit has existed for years, the fish populations continue to decline despite the size limit. There isn't an awful lot of evidence that size limits work for yellow pickerel in Ontario.

**Hon. Mr. Auld:** There are a lot of people who believe it should because they just aren't aware of what George was saying or who say traditionally—I know there are some in my own riding—fishing was better when we had a size limit. There were perhaps about half as many fishermen.

**Mr. Foulds:** It is a historical truth, but not necessarily a logical truth.

**Hon. Mr. Auld:** There were a lot of larger fish, but there were only half as many people fishing and perhaps fishing half as much time.

**Mr. Eakins:** I wanted to get it on the record because this is a question that has been asked of me many times. You are saying that generally you have not had a great many complaints from the Kawartha Lakes region.

**Mr. Whitney:** That is correct. Not as yet.

**Mr. Eakins:** Can you bring me up to date on any restocking that has taken place in the Kawartha area? Do you have that information available? I suppose this will come out at the Bobcaygeon Chamber of Commerce meeting.

**Hon. Mr. Auld:** I imagine so. I don't know that we have a complete breakdown at head office. We would have the numbers by districts, I guess, but not by individual lakes.

**Mr. Holder:** We can get that information but we don't have it all here. There is a large number of waters. I have here, for example, what we stock in the Great Lakes but I haven't tried to keep it for everything.

**Hon. Mr. Auld:** The Lindsay office would have the records going away back, I would think.

**Mr. Holder:** It certainly would be available at that meeting.

**Mr. Eakins:** Okay. I won't pursue that because I know there is going to be a full and open meeting in Bobcaygeon. I think it is a healthy thing to bring the ministry people together to talk about the concerns in the Kawartha area. I will bypass, but I did want to place on record the concern of many of the people in the area and I know it will be given a full hearing at that time.

**Mr. B. Newman:** I don't intend to be too long. I do have some concerns involving Essex county and the Windsor area that I

would like to bring to the attention of the minister, hoping he and his officials can either provide me with the information now or at some future date.

The first question I want to ask concerns Peche Island. The minister is familiar with Peche Island at the extreme western end of Lake St. Clair. The province purchased that in, I think, 1974 or approximately that date and had very grandiose schemes for it. I can recall at one time talk of a causeway over there. I can recall, likewise, a ferry boat that was going to be used and a big development on the island. What plans does the ministry have for Peche Island at present?

**Hon. Mr. Auld:** My recollection was the province acquired it because there was great concern in Windsor that there was going to be a large, recreational midway kind of operation.

**Mr. B. Newman:** No, I have never heard of that at any time.

**Hon. Mr. Auld:** Somebody from Detroit?

**Mr. B. Newman:** No. There was going to be a substantial American residential development on the island. They intended to use cable cars to transport American citizens who would be living there over to Belle Isle and from Belle Isle over to the American mainland. That was one of the things and it naturally fell through quite quickly.

The island is still there. It is really a pleasant and pretty island and is used substantially by pleasure boaters. They do not allow overnight stays on the island, but it certainly gets substantial use. I just wondered if the ministry was thinking of anything for the island in the foreseeable future.

**Hon. Mr. Auld:** My recollection is we acquired it because of concern somebody else was going to acquire it for reasons. We have offered it to the city because it is not really large enough to be suitable for a provincial park. I think Bill Foster, the assistant deputy minister for southern Ontario—

**Mr. B. Newman:** I won't take up any more time on this. I will talk with him instead, if he will identify himself to me.

**Hon. Mr. Auld:** He is right there.

**Mr. B. Newman:** All right. I will go to the next question because I want to get a little more on the record here, and that is the use of Fighting Island. Fighting Island apparently was originally leased to an American company for \$25 a year back in 1936. It is a liquid waste disposal site. We are taking American liquid wastes on a Canadian island. What the heck for? Why don't we cancel that licence of occupation we provide to them at a very

low price? It isn't \$25 now; it is substantially more than that. I don't actually know. I think it is in the several hundred dollars a year range, but it is absurd.

I think they have two licences of occupation, one for one end of the island or part of the island and the other for the other end. It is a Canadian company that actually does the disposing of the liquid wastes from there. I understand Wyandotte Chemical across there is owned by the Molson group of companies. Why don't we cancel that licence of occupation so that island can at best be slowly rehabilitated? You may come along and say the wastes there are not toxic or anything of that sort. I have heard that kind of story long ago about liquid industrial wastes—"Oh, don't worry about them"—and you see the concerns we are finding about liquid industrial waste—not from your ministry.

**Hon. Mr. Auld:** Isn't this from the salt?

**Mr. B. Newman:** It was originally from a brine operation where they were using limestone or something of that sort, and the liquid wastes were then pumped under water to Fighting Island and disposed of in settling tanks on the island. When one looks from the air at the place one just sees a Sahara Desert, so to speak, on the island. That is all of the whitish-looking liquid, as well as some of the solids that eventually end up on that island.

**Hon. Mr. Auld:** My recollection is there is a dike.

**Mr. B. Newman:** Oh, yes, it is diked. It is contained in the area; that's right. If there is any seepage, I would say it is minimal.

My only concern is, why do we have to take that American gunk on the Canadian side? Let them find a place to dispose of it on their side or charge them enough so they will find a place over there because it won't be economical for them to dispose of it in Canada. Surely we want better things than that from our American friends.

**Hon. Mr. Auld:** I don't know the history of that. I can find out. I recall a flurry of concern about a year ago, it seems to me, from the nearby township.

**Mr. B. Newman:** Sandwich West township.

**Hon. Mr. Auld:** In checking with our Ministry of the Environment, there is no hazard in any of the wastes there.

**Mr. B. Newman:** The Ministry of the Environment has said that about a lot of things in the past and we found out, to our sorrow, that it was a little different down the road. Asbestos was not a problem at all, but 20

years later asbestos affects one after one has been exposed to it for that period of time. I don't think we know what effect that will have. You say it doesn't affect the water around the area. Maybe it doesn't, but the fact it is being disposed of on our island—let them find a place over in the state or Michigan if they want. For the amount of money they give us for the use of a Canadian island, maybe we could make some eventual use of the island rather than have our American friends dump what they do not want on us.

**Hon. Mr. Auld:** I haven't the details with me, but it seems to me there was some concern prior to the time they used that island. They were just dumping it in the Rouge River, weren't they?

**Mr. B. Newman:** Yes, and they may at one time have been dumping it in the Detroit River, but that goes back before 1936 when the Detroit River was used as an open sewer by the company. But now, in 1980, surely they should develop their own technology of eliminating liquid waste instead of disposing of it on an island in the river that can be rehabilitated and be a damn good island for Canadian recreation—not now but in the foreseeable future. Cancel that licence.

10:20 p.m.

**Hon. Mr. Auld:** I will undertake to look and see what rental is being paid.

**Mr. B. Newman:** Look into that. I do not want to take up too much time, but see if you cannot get rid of that disposal of liquid waste on a Canadian island. You know damn well some of that is going to seep into the waterways. Maybe it is filtered as it goes through a lot of that Canadian soil, but we do not need that.

It is certainly an unsightly thing as you fly in either to the Windsor airport or the Detroit Metropolitan Airport. You see that and wonder what the jewel is down there. It looks pretty. But if you ever knew what was going in there you would not say it looks pretty. It is very whitish looking from an aircraft but I am afraid that down the road there are going to be some adverse health effects from it. I hope I am wrong but I would rather be right and not have it there than be wrong and have it there.

**Hon. Mr. Auld:** As a matter of interest, has Detroit got all its sewage treated yet?

**Mr. B. Newman:** No. They are slowly working on the thing. I do not think it will come in our day. They are probably doing as much as they can afford, but they are certainly not doing it to the extent we would

like to see it done. In the last year they have had some substantial malfunctions of their equipment and you know the result of all that. But that is a different problem from the one I am referring to. The island, if I am not mistaken, is leased by the Ontario government to the Molson group of companies now. It was originally Wyandotte Chemical, which was taken over by BASF, a German company, which in turn has now been taken over by Molson. So look into that.

The other thing I wanted to raise with you is the problem of regulations as they affect the Game and Fish Act. I hope before you drop all your regulations that you do consult with the humane societies in Ontario, because they are very concerned about the passing of your Game and Fish Act last week. From my discussion with them they have indicated there are a lot of serious problems in the act as it is. They would like to be consulted because they could make a good contribution to the regulations that would probably overcome some of the problems they now foresee in the implementation of the act if regulations are not as they foresee them.

**Hon. Mr. Auld:** The Essex county director wrote to me.

**Mr. B. Newman:** Right, and you are going to get all the humane societies, I understand.

**Hon. Mr. Auld:** No.

**Mr. B. Newman:** I spoke with him today and they are meeting shortly. Then they are going to express their concerns to you.

**Hon. Mr. Auld:** I will send you a copy of my reply to him because he was under some misconceptions. I do not have it with me now.

**Mr. B. Newman:** You may say that but I sent him all of the back Hansards. He has checked all the Hansards and from his reading of them he comes along and says just the opposite to what you are saying now.

**Hon. Mr. Auld:** I will send you a copy of my letter.

**Mr. B. Newman:** I appreciate that, but they only want to improve the thing. They are not interested in hindering and being obstructionists. They simply want a Game and Fish Act that is workable and eliminates some of the concerns they have about the act. I do not think it would hurt at all to consult with them, or allow them to have some input as far as the regulations are concerned. The bill has gone through and nothing can be done. They hope at least the regulations can be drawn up to allay some

of the fears they have concerning the act as it is now.

I hope you will come along and follow up on the consultation with the humane societies. Mr. Michael O'Sullivan, manager of the Essex County Humane Society, has contacted most of the humane societies in Ontario from what I understand in discussing it with him today. After their meetings, they would like to come along and discuss the debates in the House and make some substantial constructive recommendations to you.

**Hon. Mr. Auld:** I am always willing to listen.

**Mr. B. Newman:** I hope you will listen to me in regard to Holiday Beach Provincial Park and the geese there last year. You refused to feed the poor geese down there—

**Hon. Mr. Auld:** Geese?

**Mr. B. Newman:** The Canada geese that come flying in to the southern part of Essex county and sometimes winter there rather than fly on. Your concern is that if you feed them they stay there.

**Mr. W. Newman:** Damn right they do.

**Mr. B. Newman:** You may say that, but my information from the people who spoke to me is exactly the opposite. At one time your people came along and said in a letter to the party that there was only a flock of 23 geese there right now. The humane society had a man down there with a radio in his car, who called the humane society back in the Windsor area and told them there were between 300 to 500 there, when the report from the ministry was that there were only 23.

**Hon. Mr. Auld:** The reason we stopped was because Canada geese are migratory birds and normally they go south. We create problems when we alter their habits and I do not need to say any more. The Canadian Wildlife Service is now capturing geese every spring or whenever they moult down on Toronto Island and shipping them to jurisdictions which, in their innocence, want to have them live there. They are great to have near a golf course.

**Mr. B. Newman:** I have brought this to your attention and hope you will look into the thing, because Mr. O'Sullivan is going to blame you if you don't come along—

**Hon. Mr. Auld:** I can tell you now if we start feeding all the Canada geese that land there will not be any migrating.

**Mr. Foulds:** I have my flock lined up.

**Mr. B. Newman:** You have been feeding them for over 35 years in there and it has



not been much of a problem to you over those years. So why, all of a sudden, would it be a problem?

Hon. Mr. Auld: Costs have gone up and we have other and better things—

Mr. B. Newman: Did it cost you any money last year?

Hon. Mr. Auld: Would you hand me the figures of the costs for the year before?

Mr. B. Newman: My information from your Chatham office, through Mr. O'Sullivan, is that it did not cost one pretzel, not a cent last year because a party was sharecropping some of the area there and the feed was coming from there. It did not cost you a cent.

Mr. Bolan: In the last 10 seconds, I would like to put a hypothetical question to the minister which by the end of the deer season will not be a hypothetical question. It will be a realistic question.

Assuming you have a conservation officer who is on a checkpoint and a hunter comes along with a deer which has antlers but it doesn't have 7.5 centimetre antlers—it has 6.5 centimetre antlers—what instructions do you have for your field people and conservation officers with respect to whether a charge is laid based on that measurement?

Hon. Mr. Auld: The regulation says if it is not 7.5 centimetres it should not have been shot unless you have—

Mr. Bolan: I realize that. But I am saying, what if it is seven or 6.5? The hunter says: "Look, I made a mistake. Take the bloody thing, I do not want it. I am 100 yards away, I see something which has antlers, I shoot it. It does have antlers."

Mr. B. Newman: At 100 yards away, you would not see the antlers.

Mr. Bolan: Okay, 100 feet away.

Mr. B. Newman: You know nothing about hunting at all.

Mr. Bolan: Okay, 100 feet away. What do you do?

Mr. Chairman: Order, let us try to finish up.

10:30 p.m.

Mr. Bolan: In other words, what policy do you have? What instructions do you give to your conservation officers?

Hon. Mr. Auld: You are asking a hypothetical question and I will give you a hypothetical answer. I think he would use his head.

Mr. Bolan: Which is what?

Hon. Mr. Auld: Not the moose or the deer's head.

Mr. Bolan: What would he do? What instructions do you have for them? I am sure it is going to happen over the next few days.

Hon. Mr. Auld: We have no instructions except to enforce regulations and use their heads.

Mr. Bolan: Take his car.

Hon. Mr. Auld: Do we have 10 per cent tolerance for bad vision or something?

Mr. Bolan: I will give you an example. Under the Criminal Code of Canada, the permissible amount of alcohol is 80 milligrams per 100 millilitres of blood. If you check with all of the police forces in Ontario you will find they have a tolerance of one milligram. The charge will not be laid unless it is nine milligrams. We allow for that one-milligram difference.

What I am saying is that in view of this type of regulation where you are allowed to shoot an animal with a horn, if the horn is less than a certain height, then you are charged. What if it is 7.2?

Hon. Mr. Auld: I would be surprised if a charge was laid.

Mr. Bolan: But where do you start? I realize that, but do you have any instructions to your conservation officers to use their discretion as to whether or not a charge should be laid?

Hon. Mr. Auld: I am not aware of any figure that says less than 7.5.

Mr. Bolan: Will you formulate one because it is going to be happening over the next few days?

Hon. Mr. Auld: I doubt it.

Mr. Hagan: The possibility of its happening is pretty remote. That figure was chosen deliberately because it very rarely happens at this time of year that one find an antler of that size. This is a figure in common use actually, not only here now but in other jurisdictions. I suspect that the officer would exercise judgement. He has to exercise judgement like this in every charge.

Hon. Mr. Auld: There is one other suggestion, but I do not think he would get away with it.

Mr. Bolan: Are you saying that is policy? Are you telling conservation officers to exercise discretion? Yes or no?

Mr. W. Newman: They always do.

Hon. Mr. Auld: We always do.

Mr. Bolan: I want this from the minister on this regulation.

**Hon. Mr. Auld:** As far as I am aware, no instructions have gone out specifically, but I suspect that all conservation officers would use their heads.

**Mr. Bolan:** And grow antlers.

**Hon. Mr. Auld:** No, but I suggest to you that if you are really stuck, get about 7.6 and a little suction cup and take it with you.

**Mr. Bolan:** One other question, do you measure it from the base of the antler to the top, or do you follow the curvature of the antler in making the measurement?

**Hon. Mr. Auld:** It is between the eyes.

**Mr. Bolan:** There is the answer there—between the eyes.

**Mr. Chairman:** You have a question on wild rice. Let us try to get this cleaned up.

**Mr. Wildman:** I was under the correct impression that wild rice is under the fish and wildlife vote. You have an estimate of 29,404,000 for fish and wildlife. Can you tell me how much of that is budgeted for the wild rice program? You do have one biologist working in the field.

**Hon. Mr. Auld:** One of the programs is the joint program among ourselves, the feds and the native peoples for looking at methods of improving production and controlling water levels in the wild rice areas in the northwest. The amount of money involved is \$167,000. Last year it was \$140,000. That is under the heading of wild rice development and supply inventory on page 83.

**Mr. Wildman:** Can you tell me what actual amount of money has been spent to assist in the development of the wild rice industry for Treaty 3 Indians since the beginning of the provincial moratorium?

**Hon. Mr. Auld:** I can get it for you, I expect. Rick Monzon is not here. He would be the one who would know.

**Dr. Reynolds:** We will get it.

**Hon. Mr. Auld:** There was a sort of a status for a while, but we are now working actively as a result of the tripartite meeting and the undertaking to see what can be done to stabilize water levels, which is the biggest single complaint the native people had. There are other complaints, but that was the biggest single one. Of course, the problem there is partly because of the treaty that relates to international control of the Lake of the Woods.

**Mr. Wildman:** Yes, I understand that. Just finish this up quickly, can the minister either tell me now or, if not, in his investigation provide me with the information, since

he mentioned the tripartite process, as to whether it is the policy of the government to make funds available to the grand council of Treaty 3 to assist it in participating in the tripartite working group on wild rice?

**Hon. Mr. Auld:** We are sharing the cost of that study.

**Dr. Reynolds:** We pay a third, the feds pay a third and I think they also pay the Indians' third.

**Mr. Wildman:** Could you give me the figures on that?

**Dr. Reynolds:** Yes. I was wondering, Mr. Wildman, if there were any other questions, we could have these ready for you on Wednesday morning.

**Mr. Wildman:** Unfortunately, I am not going to be here Wednesday morning.

**Dr. Reynolds:** Next time the estimates resume.

**Mr. Wildman:** I would appreciate getting the information before that. If you could send it to me, I would appreciate it. My other question is has your ministry or the government taken a position or a policy position on proceeding with funding Indian people to enable them or to assist them, either at the band level or individually, to develop the wild rice industry?

**Hon. Mr. Auld:** The study that is being done is the first step in a three-way approach. The provincial contribution has not yet been established because of the constitutional and traditional position that the status Indians are the responsibility of the federal crown.

I think the Premier indicated in the statement at the time of the moratorium that we were prepared to look at a variety of things which might be of assistance, but they were not specified.

**Mr. Wildman:** You are probably aware of the Honourable John Munroe's commitments on behalf of the federal government in his letters of June and August of this year to Treaty 3. I understand that the Indian Commission of Ontario has indicated to Treaty 3 that the working group on wild rice could resume meetings with the support of three parties. Have you made clear to Treaty 3 what your position is so they then can determine whether or not they wish to go ahead with the meetings?

10:40 p.m.

**Dr. Reynolds:** The tripartite working groups are ongoing. Really there are four working groups. There is one on hunting and fishing, one on land and resources, one on wild rice and one on the delivery of services.

Rick Monzon, who is one of the two deputy regional directors at Kenora, is our representative on the wild rice working party. If you would like to give me a list of the things you would like a response to, we either can do that the next time we are in the committee or send the answers to you.

**Mr. Wildman:** I would appreciate it if you could provide them to me. Basically what I want to know is how much has been budgeted and how much has been actually spent for the development of the Indian wild rice industry since the beginning of the provincial moratorium by the provincial government, and some idea of what resource the provincial government might be prepared to make available through Treaty 3 to the Indian people to enable them to participate in the tripartite process.

**Hon. Mr. Auld:** That might be difficult to define at this early stage because I think a lot will depend on what comes out of the study, what recommendations are made for impounding waters, building dams—

**Mr. Wildman:** I am talking about the tripartite working group basically.

**Dr. Reynolds:** The minister is saying, Mr. Wildman, this is still under active consideration so it is really premature—I say this with respect, of course—to expect anything will be spent on that until the program is—

**Mr. Wildman:** Okay, fine. The other thing I asked specifically was how much has been budgeted and actually spent since the moratorium began. That's what I am interested in.

**Mr. Foulds:** Would you consider extending the moratorium? You are not dead set against extending the moratorium?

**Hon. Mr. Auld:** I am not prepared to comment on that in this forum because the tripartite process is in some ways a delicate one.

**Mr. Foulds:** Right.

**Hon. Mr. Auld:** We are actually waiting to hear in a number of fields as far as rice is concerned. Some of the native people do not accept the province's position as set out by the Premier (Mr. Davis) in 1977 when the moratorium was set down that it was a resource applying to all the people of the province. It does not occur only in the northwest either and —

**Mr. Foulds:** For once, you could be generous.

**Hon. Mr. Auld:** For once? I am not prepared to speculate on the moratorium but it is still in effect.

Item 2 agreed to.

Items 3 and 4 agreed to.

Vote 2503 agreed to.

**Hon. Mr. Auld:** There are some members of the Liberal Party who were concerned about some clear-cutting and aerial photographs. I was going to suggest that, before we get into that, I might ask somebody from the Ontario Centre for Remote Sensing, because I have been talking to them, to indicate how one reads satellite pictures. I looked up close at the ones shown in the House the other day and I can assure you if one doesn't know how to read them, one doesn't read anything. There are some misconceptions around, I think, and it might save a little time in that discussion. However, since those members are not here, perhaps I could bring that up at the beginning of the vote.

**Mr. Chairman:** That is what I wanted to discuss. I wanted to get some of the Liberal members here because we have five and a half hours left. The mini-budget is coming down on Thursday night. On Wednesday, we start at 10 o'clock and go to one o'clock that is three hours. We have that scheduled anyway. We still have two and a half hours left. Are you agreeable to go to one o'clock come back at two o'clock and go to 3:30 p.m. on Wednesday?

**Mr. Foulds:** That will be fine with me, Mr. Chairman, if it is fine with the minister.

**Mr. Chairman:** It will leave you an hour on Thursday night between seven and eight o'clock and everybody can get into the Legislature and hear the budget.

**Mr. Foulds:** That sounds just fine. Will you run into any problems with finding a committee room that day?

**Mr. Chairman:** That is no problem. It agreed that we will meet from 10 a.m. to 2 p.m. and 2 p.m. to 3:30 p.m. on Wednesday and from 7 p.m. to 8 p.m. on Thursday. If you see some of the Liberal members, tell them that is what the schedule is.

The committee adjourned at 10:47 p.m.



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No. R-43

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Wednesday, November 12, 1980

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, NOVEMBER 12, 1980

The committee met at 10:09 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES

(continued)

**Mr. Chairman:** We will not wait for all groups or representatives but get started on time.

On vote 2504, resource products program; item 2, forest management:

**Mr. Foulds:** Mr. Chairman, I take it we're starting with item 2, the forestry vote, then going to the mining vote once we have completed the forestry vote.

**Hon. Mr. Auld:** As a matter of concern, Mr. Chairman, how do you expect to divide the time? The mining people are here and we are going to spend several hours on forestry—

**Mr. Foulds:** I do not know what Mike's feeling is, but my basic understanding was that we would divide the time evenly. How much time do we have left?

**Clerk of the Committee:** Five and a half hours.

**Mr. Foulds:** Five and a half. Let's say five and a half to two and three quarters on each of those.

**Mr. Bolan:** There are two main areas left: forestry and mineral management.

**Hon. Mr. Auld:** Yes, forest management and mineral management.

**Mr. Foulds:** We might get started on mineral management before the one o'clock break. If not, we would start at—

**Hon. Mr. Auld:** I expect it will not be before 12:30. If it is, we can wait for five minutes and I can call the fellows over.

**Mr. Bolan:** Are we sitting this afternoon?

**Mr. Foulds:** We are sitting this afternoon between two and 3:30 p.m. and then one hour tomorrow night.

**Hon. Mr. Auld:** Yes, 2 p.m. and 3:30 p.m.

**Mr. Bolan:** We should be able to get rough forest management,

**Mr. Foulds:** Yes, I would hope to deal with it by one o'clock and then do mineral management this afternoon.

**Hon. Mr. Auld:** We will see you back here about 12:30 p.m. Good.  
10:10 a.m.

**Mr. Foulds:** Having sorted that out, Mr. Chairman, I would like to start first thing in the morning after the long weekend in a fairly aggressive mood. I have a very major concern as I have had for the three years I have been critic, that of all the resource industries we have in our province, the best potential for permanent year-round jobs comes from the forestry industry.

It is certainly true in my part of the province. Ideally, as we are told time and time again, especially by that bumper sticker we see throughout the north, trees are Ontario's renewable resource. Our forests are renewable and, therefore, lend themselves, if properly managed, to year-round full-time employment, both in the mills and in the woods.

It has been one of the major political battles in this ministry—and I think remains so—that the policy of this government is endangering those jobs. I am disturbed, not to say angered, more than I can say by the slow pace the ministry is moving at with regard to reforestation. None of the effects of the employment development fund's grants to modernize the mills or to improve pollution control in those areas is going to be much good if the fibre is not available for those mills. I repeat that the forest management agreements hold out promise as far as they go. At the present time they cover only 15 per cent of the licensed crown land of the province and only 32 per cent of the land licensed to those companies that have signed agreements. From what one can tell from your statistics, you are doing little to catch up on the backlog of overcut areas.

The figures the ministry provided for me in the answer to question 354 on the Notice Paper are presented in a way that is, I believe, a dishonest manipulation of statistics. George Bernard Shaw once said, "Statistics

can be used to prove anything, including the truth." I think that chart, as it was presented, is a disgraceful answer. It is a sleight-of-hand accountancy trick to try to fool the opposition and the public. What worries me even more, as you adopt that system, is that you may even begin to believe it yourselves and believe you are doing an adequate job.

In my view, the category you have established in this chart—category no. 3—as area not available for regeneration treatment is a total neglect of your responsibilities. What you are doing by establishing that category and by listing it in the way you have is endorsing in policy the idea that at least one third of our cutover areas in the province will be areas you approve of as being timber-mined. You will allow them to be cut and write them off. That simply is not good enough.

As you total up those areas not available for regeneration treatment between 1973 and 1980, what you have done is write off three-quarters of a million acres of forest area—732,000 acres. What is also disturbing, as you look at those figures and what is required for our forested areas, is that you are ignoring the amount of timber being burned and in need of regeneration. I hope a good deal of that will regenerate naturally—not all of it will, and that too is in need of regeneration.

If you take your chart just for the year 1979-80, you have a cutover area of 540,000 acres. I would imagine the figure would be roughly the same for 1980-81. Then you add to that the figure of 1.5 million acres burned. Is that right?

**Hon. Mr. Auld:** It is 1,370,000 acres.

**Mr. Foulds:** If you add 1,370,000 acres burned, you have one hell of a totally denuded area. I would suggest you add a category to that chart to show the people of Ontario what is really happening in the forests, an area which says "area burned," and then "total area denuded, cut over and burned." That would give us an understanding of how our forests are being obliterated.

**Hon. Mr. Auld:** As you know, because I am sure you have flown over it and seen some of it on the ground, by no means is all of that acreage bare of productive timber.

**Mr. Foulds:** I agree. One of the things that is encouraging is that there are clumps that have been just passed over and are probably harvestable. It is hoped that will provide some seeding for nearby areas. You will have to admit that even on a charitable estimate approximately one third of that area that has been burned over would be areas that should

legitimately be candidates for regeneration, even using your present method.

**Hon. Mr. Auld:** I haven't seen the final figures, but they could well be.

**Mr. Foulds:** The second thing that is disturbing about the chart that was presented is that you have escalated, starting in the year 1977-78, the area that you are categorizing as area not available for regeneration treatment. You jumped from 61,000 acres in 1976-77 not available for regeneration treatment to 162,000 acres in 1977-78 not available for regeneration. That seems to me to bespeak two things. One is that by necessity, because of the lines of supply, you are allowing more and more cutovers and swamp and hilly areas in the wintertime effectively to be written off.

It seems to me that you are simply enlarging that category and are saying there are going to be large areas that we simply won't have the resources to regenerate. Therefore, by a sleight-of-hand, which I think is a cheap accounting trick, you arrive at category 7 in your chart where you appear to have some very nice satisfactory figures.

That category is area requiring treatment but not treated. In 1977-78, according to those figures, you have a surplus, and in 1978-79 you have a surplus.

I would tell you that even taking your framework, which I reject, those surpluses are a petty start on catching up on the backlog that has been cut over for the last 60 years. As I say, what you are doing when you present a chart like that to a member of the Legislature in answer to a question is admitting there will be productive forest lands, one third of the areas that we cut, lost to productive forest management. You may give me all the argument you like that it is not really productive forest land because once we cut it, then we can't get at it to grow it back. I would say if Mother Nature made it productive in the first place we have little justification in cutting it if we can't put it back into productive forest land.

10:20 a.m.

The third thing that disturbs me about this chart is item 4, which is area regenerated naturally. What we have here, it seems to me are areas that your officials have surveyed and then said, "Given all factors, given the best possible conditions, these are areas we don't need to treat because the conditions are such, with nearby seed available and so on, that they will regenerate naturally." Let's be charitable about that and let's say that all of those factors are positive ones and that this is the most stringent application in silviculture.

cultural terms. May I add that I am not entirely sure those are the standards that are used to arrive at that category.

What disturbs me is we have no way of estimating, to the best of my knowledge, the success of that natural regeneration, especially for the year 1979-80. How do you assess it? How do you know that is a naturally regenerated area? Have you gone out and measured it after one year? You can't. What you have done is you have said that area, that 170,000 acres for 1979-80, which is an area regenerated naturally, is really a category that should be called the area we hope will regenerate naturally, because it doesn't take into account the success or the lack of success. It also does not take into account the area in category 6, which is the area regenerated artificially, and the success or lack of success.

I have been through the arguments about the lack of success of artificial regeneration for the last two sets of these estimates and I don't plan to get into that this year. They don't take into account in either of those categories the fibre loading and the species mix of the areas. I would say that is particularly true of the ministry's natural regeneration category. I think, and I say it advisedly, that you and your government are still hiding our heads in the sand if you think that is an adequate program. I don't think we have progressed very much since the Premier made his statement in the provincial election of 1977 that two trees would be planted for every one. We all know that was a silly and unrealistic promise and silviculturally unsound, but something like regenerating or replanting two acres for every one cut so that we can catch up on the backlog would be silviculturally sound. We haven't even made a dent on that.

What we need, as I said in the opening of these estimates, is a commitment to sustained yield. You say you have that commitment in policy, but I am afraid I fail to see it in practice. I would like to read into the record this chart that you provided for me in answer to question 354. The numbers along the top are 1, 2, 3, 4, 5, 6, 7. These are the columns: 1, fiscal year; 2, total cutover area; 3, area not available for regeneration treatment; 4, area regenerated naturally; 5, area requiring regeneration treatment; 6, area regenerated artificially; and 7, area requiring treatment but not treated.

Under fiscal year 1973-74, there are these figures: total cutover area 474,000 acres; area not available for regeneration treatment, 150,000 acres; area regenerated naturally, 151,000 acres; area requiring regeneration

treatment, 271,000 acres; area regenerated artificially, 150,000 acres; and area requiring treatment but not treated, 121,000 acres.

The figures for 1974-75 are total cutover area, 476,000 acres; not available for regeneration, 57,000 acres; area regenerated naturally, 151,000 acres; area requiring regeneration treatment, 268,000 acres; area regenerated artificially, 182,000 acres; and area requiring treatment but not treated, 86,000 acres. For 1975-76, the totals are total cutover area, 486,000 acres; area not available for regeneration treatment, 98,000 acres; area regenerated naturally, 124,000 acres; area requiring regeneration treatment, 264,000 acres; area regenerated artificially, 172,000 acres; and area requiring treatment but not treated, 92,000 acres.

For 1976-77, the figures for the various categories are 387,000 acres, 61,000 acres, 102,000 acres, 224,000 acres, 177,000 acres and 47,000 acres. For 1977-78, the figures for each of those categories are 465,000 acres, 162,000 acres, 141,000 acres, 162,000 acres, 198,000 acres and a plus figure of 36,000. For 1978-79, we have 482,000 acres, 154,000 acres, 141,000 acres, 187,000 acres, 193,000 acres and a plus figure of 6,000 acres. Finally, for 1979-80, the relevant totals are 540,000 acres, 169,000 acres, 170,000 acres, 201,000 acres, 197,000 acres and a minus figure of 4,000 acres.

Even given those figures which, as I say, I believe are an accountant's sleight-of-hand trick, which is unworthy of your ministry, you are not doing anything to catch up on the backlog. I want to read into the record the little section in the northwestern Ontario strategic land-use plan which deals with forestry because it is an interesting page and a half:

"It is the policy of the ministry to ensure that a continuous supply of wood is available to meet the requirements of the woods industry projected to 1982. This will amount to an annual supply of 5.2 million cunits of wood from crown productive forest land.

"To produce the maximum value added to the provincial economy from the industrial use of this resource by the forest industry itself through sound forest management practices, consistent with the needs and objectives of other forest users.

"To aid in the achievement of the job creation target of 5,000 jobs, as stated in Strategy for Development: Northwestern Ontario, and to explore and implement means of increasing the productivity from all land presently committed to forest production with emphasis on young forest stands in currently assessed areas and with the use by the forest-



based industries of trees and tree species underutilized.

10:30 a.m.

"Discussion: The sustained production of 5.2 million cunits of wood will require some 14.4 million hectares of usable forest land. The total land area of the planning region is 34.1 million hectares, of which 16.9 million hectares is productive forest land. It appears that there is enough productive forest land to meet the figures stated in the policy. The present cut in the planning region averages about 3.8 million cunits annually. The volume is expected to increase during the next 20 years to reach the level of 5.2 million cunits.

"To sustain this production it is essential to regenerate promptly all harvested forest land. Currently the approved forest production policy regarding regeneration indicates a target of 3.1 million cunits. This is obviously inadequate since the target is already below the level presently cut. Revisions are therefore necessary if a sustained yield of forest products is to be achieved. The regeneration program must increase its targets as the timber harvest increases."

This is a public document and is written by relatively cautious civil servants. They know when they put stuff in print like this that comes to public attention, it must be carefully worded. I find the last two paragraphs extremely distressing. If you are going to increase the volume cut from 3.8 million cunits to 5.2 million cunits, which is a laudable objective, the question remains as to how. If you are only targeting 3.1 million cunits for approved forest production policy regarding regeneration, already you are not on a sustained yield basis by your own admission. Already your people in the ministry are saying to you that to sustain this production it is essential to regenerate promptly all harvested forest land, not the one third you put in a category of area not available for regeneration. Your own ministry in a public document says to sustain the production it is essential to regenerate promptly all harvested forest land.

The ministry says very clearly your production policy is obviously inadequate because your target is already below the level now cut. What you have done in this nice little chart is give yourselves a target for regeneration you think you can achieve by adding this artificial category that says stuff isn't available for production. Meanwhile, people in your ministry are legitimately telling you it is not going to work. I don't know what you are going to do.

I don't pretend to be an expert in forestry or regeneration or silviculture, but I have offered an eight-point program on behalf of my party in these estimates and elsewhere. You say you endorse the majority of that but I see very little evidence in the kind of answer you give me in the House or in the kind of document you print called A Strategic Land-Use Plan for Northwestern Ontario. I will just leave it there for now.

**Hon. Mr. Auld:** Mr Chairman, a moment ago when we were talking about the amount burned this summer I said I didn't have the final figure. I have the figure we had as of about the middle of October. The area burned of mature timber produces a total in the northwestern and north central regions where the main fire activity took place of about 332,758 acres. So it is something slightly less than a third.

**Mr. Foulds:** But it is more than half again as much as your cutover area.

**Hon. Mr. Auld:** In connection with the table, I am not going to say I take offence, but I feel those are accurate, proper figures the ministry has put together in answer to your question. I am going to ask Al Peacock, who is the executive co-ordinator in the forest end of the ministry, to deal with the question about what is not available, for treatment, what is partially regenerated and so on and, finally what is meant by the figures on that graph. I assume that is the draft for stuff that was to be used at the public meetings slated for this summer and fall which had to be postponed because of the fire. What is the date?

**Mr. Foulds:** June 1980.

**Hon. Mr. Auld:** That is not the final one.

**Mr. Foulds:** It is not the final one, because you are going to revise it after the public meetings, but it is the final one you presented to the public. Presumably the statistics you use in it are accurate.

**Hon. Mr. Auld:** I just wanted to be sure which one it was, because we go through three or four stages in these things and sometimes the figures change during those processes as a result of further information that has come in or areas we have finally proved that we had not proved before. Al would you like to deal with those figures that Mr. Foulds has brought up?

**Mr. Peacock:** Mr. Chairman, the response to question 354 and the table the honourable member refers to I agree require some clarification. There was an attempt to clarify each column in terms of the meaning supplied with the response.

First, I would like to concentrate for a moment on column three. That is the one entitled "Area Not Available For Regeneration Treatment." I want to assure the honourable member and the committee that there is no attempt here to hide anything. That is a very important column to us, to know how many acres are not available to us for regeneration for a variety of reasons.

In our brief response we mention site constraints; that is, areas too rocky or too wet, access constraints, winter cuts that are inaccessible in spring and summer—some of those might be naturally regenerated as well, of course—and utilization constraints; that is, areas with residual stands of trees which preclude the use of silviculture equipment.

The last one is the most important to us in the ministry. This was outlined as the most important issue facing regeneration in northern Ontario at the first conference that was held in Thunder Bay. It is why the minister mentioned in his response at the beginning of the estimates the importance of the expansion at Pluswood Manufacturing and the importance of the new waferboard plant going in at Englehart.

There have been some other encouraging signs that poplar is going to be utilized a great deal more, even in connection with the employment development fund. Some of the companies have expanded with the full knowledge that, to get the financing they require, they must utilize poplar. That is a very important one.

It is important to us to keep that column in front of us. I do not for one moment deny there are elements within that column we can probably do something about. We certainly hope so. There are elements we cannot do something about, but I think it is important to keep that column in front of us.

The member in his opening remarks made a comparison between column two and column six, where he compared the total area of the cut and the area we had regenerated. That is a useful comparison. There is no question about that. It gives one a measure of the total area that is being cut and the area that is actually regenerating artificially. However, it does overlook the area that regenerates naturally, and we will take natural regeneration where we can get it if it is good.

0:40 a.m.

The minister compared column five with column six, which is done in the chart. That is also a legitimate comparison, because column five gives you a measure of the

attainable in any particular fiscal year and column six tells you what you did.

Certainly where you are falling short, as the member has so rightly pointed out, you are falling short of your own definition of what you should have been able to do that year. So it is very important.

There is nothing wrong with either comparison. It is just that they require some explanation. The columns in between are important to that explanation.

Regarding the jump in column three, which the member mentioned, from 61,000 acres in 1976-77 to 162,000 acres in 1977-78, you will also notice quite a jump in the cutover area; that coincided with the wood strike. The low activity in 1976-77 was just a low-level activity, and therefore both the cut and the area not available declined. It is a useful column to us and certainly it is not put there to confuse anybody. We hope that in attaching an explanation of each column we have made that clear.

As far as the area regenerated naturally is concerned, again I would agree with the member that if you are talking about this in terms of the current fiscal year there is no way you can be absolutely sure that every acre included there is going to regenerate naturally. But what you are saying is, given the cost of regenerating the area, given the expectation of regeneration based on experience, that is the method that is being employed.

If in future assessment it turned out to be inadequate, those acres would join the acreage of not satisfactorily regenerated land and the ministry would have to take whatever action would be required to bring that regeneration up to standard.

There are provincial standards of regeneration in terms of the surveys we do, and a new term has been introduced in the forest management agreements: "free to grow." That is probably the factor that we will be using in the future. It is not enough just to know that there are young seedlings underneath that canopy of alder or whatever. We have to get them released and we have to know that those seedlings actually are going to form part of the future crop of the forest.

The area requiring regeneration treatment is part of the total area cut which after inspection is judged in need of silvicultural treatment to establish a new forest. Here again, when we go in and do a treatment, we hope we are successful but, if we are not successful in future assessments of the area, we will have to do it over. We have done

areas over before and undoubtedly we will have to do them over again. Failure is sometimes caused by inadequate technology and sometimes is beyond our control because of weather or whatever.

That is another thing I should relate to column three. There are areas included in that unavailable-for-regeneration treatment column that we sincerely hope we can have available for regeneration treatment based on new technology and advances in research. Among the first that comes to mind is genetically improved stock that will get ahead of the competition and perhaps do a better job for us on some of the most competitive sites; and, of course, better methods of release and vegetation control.

According to the figures in the land use planning document, our total forest production policy for the province is 9.1 million cunits at this time. I believe there was some projection in there of an expanded industry in terms of the additional jobs you quote, and it is quite possible that the production policy requires some review and assessment in terms of the agreed-upon level in that land use plan when the exercise is complete.

I cannot argue, and I don't think we have ever attempted to argue, with the premise that the areas cut have to be regenerated as quickly and as well as we know how to do it.

**Hon. Mr. Auld:** I just remind you that you saw—and it wasn't photographed after the event—seeding going on while there was a little smoke still around in some of the areas that were burned over this summer.

**Mr. Foulds:** I guess I have no quarrel with the efforts you are making. I have considerable worry in terms of security of jobs, particularly in the northwestern areas. I hope you will forgive me for being parochial, but that has to be one of my primary concerns. The efforts, in spite of the increase you mention in your budget between 1972 and 1978 in terms of silviculture, just aren't good enough. You are not making the progress you should be making.

I think I understood the footnote, or what the columnist meant, and I certainly don't want to inflate any of the categories, but I find it extremely worrying that a third of the areas we are now cutting and therefore depending on for wood fibre for our mills are areas that aren't going to be available for regeneration. I assume that category is outside of and excludes category four, which is the area that regenerates naturally.

What you are saying is, that area won't regenerate. It might in a different species, I understand from your answer. You are hoping

poplar or what have you might, but that still denies, if you are thinking of the pulp and paper industry, the primary species, what you are cutting off it, which would be black spruce and jackpine mostly. I can see you doing that and I can see some hope if poplars grow back for other forest uses—even the Pluswood thing in the Englehart mill—such as an increased use of fibreboard. That may be available at some future time for some forestry purposes, but that is going to be a fraction of what we have there, I would think. Do you have any idea what the fraction is?

10:50 a.m.

**Mr. Peacock:** Mr. Chairman, I can't give an actual percentage but, as I mentioned, the conference at Thunder Bay made it quite clear that this was the largest problem: the mixed wood areas. I am not speaking here of regeneration; I am speaking of the site being tied up with an existing stand of poplar. Indeed, around Thunder Bay in our mixed wood stands, you can go in and take 30 cords of conifer and still have 20 or 30 cords of poplar and birch on the area. So the importance of these developments that will utilize the whole stand should not be underestimated. These residual stands of poplar and birch are really tying up the area. You are faced with a decision of going in and cutting that off at a loss and regenerating it to conifer or trying to utilize it in another industry and then getting the site available.

My own view would be that within five years most of this material in the province is going to be required for other uses and, to me, it would be quite wasteful to go in at a loss to cut it down and convert it to conifer. It could be done if you had the dollars, but I would think that is the largest portion of column three.

**Mr. Foulds:** I wouldn't suggest that as an immediate approach but that column must be the most worrying column, as you indicate, Mr. Peacock, in the statistics. Because it is there, it seems to me that column seven, which the minister referred to, the area requiring treatment but not treated, which looks relatively good, is misleading to this extent. It is misleading because what we have done is we have subtracted one third of our cut-over area and hoped it will be available for other kinds of species and therefore other forest uses. Some of it will be cut in any event and not used. But it does not take into account the escalation you hope for in cutting objectives and it does not take into account that the present production and use of conifers will probably be maintained.



The pulp and paper companies might go into a more expanded use of poplar, for example. Not many of them have got up beyond 20 per cent use, have they? Some of them in the northeast, I gather, have got up that high. In terms of the pulp and paper industry, which is and I suspect always will be the major user of the kinds of forests we have in Ontario, only in about one fifth of your added target at the very most—that 20 per cent figure—is there a possibility for use of poplar in pulp and paper. Only about one fifth of that can possibly come from those stands. Looking at that charitably, I suppose the thing I find myself in despair about is that, while I think the ministry understands the importance of the situation and philosophically and in policy terms has almost got hold of the situation, I find myself, in practical terms, no better off in 1980 in terms of being assured that jobs will be protected in northwestern Ontario than I was in 1977. I find that very worrying.

I will conclude so that other members who wish to speak can get in on this and other matters relating to this vote. I want to quote to you an impeccable source: "We have made great progress since the first important steps to regenerate forest lands in northern Ontario were taken in the 1950s. Nevertheless, out of 195,000 hectares cut annually, we are as yet only able to treat 80,000 hectares, which works out to 21 per cent. We can expect natural regeneration to occur satisfactorily in another 60,000 hectares (31 per cent), but that leaves about 55,000 hectares (29 per cent) in need of attention." This is the most important part of this quote. "So we cannot consider that we are more than halfway to achieving our objective." Those are the minister's words.

Hon. Mr. Auld: Great words.

Mr. Foulds: They are great words, but I still worry about the action to back up those words. You recognize that you are only halfway to achieving your objective. You have not told me one concrete thing you are going to do to meet that objective, and not only to get sustained yield for what we are cutting now. This is the important point we have to recognize. We have yet to make a reasonable start on the backlog and one of the problems you mentioned, Mr. Peacock, which is the stands near Thunder Bay. One of the reasons we have a lot of poplar and arch there is, when they were cut over in the first place, they were not regenerated and we have mixed stands. That gives me a real worry about your category called "area regenerated naturally." In terms of

the kind of fibre that is available they may be less satisfactory than the stands you are cutting over.

Hon. Mr. Auld: It seems to me, Jim—again referring to the discussions we had during the passage of the Crown Timber Act amendments—I said the objective for catching up and satisfactorily regenerating the currently nonsatisfactory regenerated areas was 20 years. However, with the forest management agreements and the carrots therein and the money that would be available, we expected we would do that in a period of half that time, about 10 years. Again, with the incentives built into the forest management agreements and the very careful study given by our well-qualified staff to the prescriptions that are a part of each agreement—individual prescriptions for each type of forest, land, specie and so on—while we obviously are not going to solve it overnight, we are now on a track where we will achieve those objectives.

As Al said, we have not been successful with everything we have ever tried, but we keep trying and we keep improving. I think that will continue, and that we will have greater interest on the part of the industry, not only for selfish reasons but also because they are now doing something they were not doing, and they will want to do it well because they are going to need the work. It is not necessarily the fact that they will pay reduced stumpage for their additional production, but because they have mills, many of which are being modernized and some of which have been modernized, that can have a higher capacity and consequently a higher requirement. There is greater incentive for them to increase that 20 per cent of poplar, because it is sitting there and it is not getting any younger.

Mr. Foulds: The difficulty is the technology there. There has been a great reluctance on the part of many of the pulp and paper companies even in the past to begin to experiment with poplar. Now I think the pressure is building up, and that is beginning to happen more and more.

Hon. Mr. Auld: Maybe I am more optimistic because I know less about it, but I can remember very well the first members' tour I went on in part of the north, which was up to the Lakehead and back down the Canadian Pacific Railway. The finger was being pointed showing us these weeds that were getting in the way of worthwhile trees. I was thinking about that yesterday when I carefully did not cut any pieces off my finger. I was cutting up some pieces of pop-

lar plywood, which really is far ahead of spruce for anything you want to paint, as well as being solid. Things have certainly changed.

11 a.m.

**Mr. Foulds:** There is no doubt there is a lot of use that the formerly called weed species can be put to—

**Hon. Mr. Auld:** All that flakeboard and so on.

**Mr. Foulds:** —but there are limits to that. My understanding of the international markets is the lumber market is more vulnerable to up and down cycles than the pulp and paper industry is. The pulp and paper industry cycles seem to be at least on a broader curve. The lumber ones can be like a heart patient.

**Hon. Mr. Auld:** Generally they have passed, although we had a period when they were both up at the top of the curve.

**Mr. Foulds:** Right. I will leave it there for the moment so that other members can participate in this item.

**Mr. Eaton:** Could I ask one supplementary to that?

On the areas that are regenerated by the work of the ministry and so on as compared to natural regeneration, are the yield expectations quite a bit higher?

**Hon. Mr. Auld:** I will say something and then I will ask Mr. Peacock. My understanding is that the expectations are higher because we are getting, though we still do not have, a supply of better seed. It is like a lot of other things. As a farmer you know that a great improvement has been made in various hybrid corn seed, but as for the seeds themselves, not every annual crop of seeds is a good one. One of the things that is a major part of the program—it is in the silvicultural part—is to get better seeds and to find various ways of planting, some by seeds, some by so-called paper stock and some by seedlings, depending on the climate, the type of land and stuff like that.

As for how much progress we are making in the technical term, I will ask Mr. Peacock or one of the staff who is particularly knowledgeable to answer that.

**Mr. Peacock:** Mr. Chairman, yes, we do expect considerably higher yields out of managed stands. I would be the first to admit that we do not have at this stage sufficient experience to give precise figures in terms of how great that volume increase will be. In other words, we have not been watching managed stands long enough and do not have the volumetric data on them.

One example I could give in northern Ontario that would be of significance to this committee and the discussion would be our Englehart management unit where we started planting in large scale some 20 to 25 years ago. When we came to recalculate the allowable cut on that particular unit, we always have some reduction of area which is also of significance in this discussion.

**Mr. Foulds:** Excuse me for a minute. Does that mean you can reduce the area size that you allow the same cut from?

**Mr. Peacock:** You always have some reduction of area when you go into a mature forest and make a cut. Then you put it under the second crop and put it under management. Right in that exercise you have subtracted all the roads and road allowances, skidways, all that sort of thing, so that the area you have to work with shrinks a little bit.

**Hon. Mr. Auld:** By about 10 per cent?

**Mr. Peacock:** About 12 per cent. In recalculating the cut for that unit, it was the fact that we were able to project better growth and better volume accumulation on the managed stands that saved us from reducing that allowable cut and kept the industry operating at the level it is at in that particular area. We still need more data to put a quantity on your question, but certainly we are looking for an increase in yield.

**Mr. Bolan:** Mr. Chairman, I would like to talk about clear-cuts, particularly as they affect reforestation. Before doing so, you may recall you told us some two weeks ago that the inquest into the Nakina fire would be starting again on November 12. This being the date, I am wondering if you know whether or not it is going ahead.

**Hon. Mr. Auld:** I do not know. Is it, Mr. McCormack?

**Mr. McCormack:** It is my understanding that it is.

**Mr. Bolan:** It is; fine.

**Hon. Mr. Auld:** George McCormack is the assistant deputy minister, northern Ontario.

**Mr. Bolan:** I would like to talk about clear-cuts and I suppose to discuss it reasonably intelligently one must look at the proposed policy for controlling the size of the clear-cuts, which was a paper put out for the ministry back in 1976. This was the paper put out by Messrs. Flowers and Robinson for the Ministry of Natural Resources. I would like to go over some of the comments which were made in this paper. The paper is called the Proposed Policy for Controlling the Size of Clear-Cuts in Northern Forest Regions of Ontario.

I will just spend a few minutes browsing through the report and to point out some of the observations made by the two authors. The first observation which is of any significance is the one to the effect that clear-cutting as a commercial logging system has been in use in the province since the earliest days of logging, but its main objective has been to remove the marketable trees as economically as possible and not to promote regeneration and other forest values. That had been the general policy for a number of years. The general logging practice has been to remove all merchantable timber as it is made accessible by a developing road system.

The report goes on to say that the rapid increase in the size of modern forest industries has resulted in contiguous clear-cut areas in northern Ontario extending, in extreme cases, up to 50,000 acres. The report says this is not an acceptable application of the clear-cut silvicultural system.

We are aware of some clear-cut areas, particularly in northwestern Ontario and the Lake Nipigon area. We have had some clear-cuts come out through satellite pictures which were taken of northern Ontario, and one clear-cut is eight miles in length and two miles in width.

The report further points out that excessively large clear-cut areas do not regenerate as well as more protected, smaller cuts. To back this up, the authors were referring to Ministry of Natural Resources regeneration surveys which show the lack of suitable regeneration following clear-cutting and that patterns of regeneration appear to be influenced by the size of the clear-cut.

Large clear-cuts also appear to drastically alter wildlife habitat. As you know, this is something the Ontario Federation of Anglers and Hunters has consistently made reference to, urging you to consider clear-cuts in forest management agreements.

**Hon. Mr. Auld:** I might just say that unfortunately we have not had total availability of members of their committee whom we have taken to the north. If we could just get half of them up there to see cutting practices it would improve things a great deal, because I think they are seeing the other side of the picture. However, carry on.

**Mr. Bolan:** I just want to review it generally and then make some comments on it. The purpose of this policy proposal is to control and reduce the size of clear-cut areas and the development of large contiguous clear-cut areas in northern Ontario. To do this, it is essential that harvested areas be regenerated immediately. This is to provide

an optimum continuous contribution to the economy by forest-based industries.

The size of clear-cuts can greatly influence the success of regeneration and subsequent tree growth. Some species need more protection than others but all require that the effects of exposure be minimized. The proposed policy is that the maximum size of clear-cuts be reduced over an implementation period not exceeding 10 years. There are two tables which set out specific constraints and specific guidelines. One of the main constraints seems to be—this is on table one of the report—that the maximum individual clear-cut not exceed 300 acres.

11:10 a.m.

Our research office made inquiries of your ministry just recently, within the past two weeks, to find out what your forest clear-cut policy is. We have determined, according to the director of the forest resources group, Mr. W. Fullerton, that there is no written instruction for or against the practice of clear-cutting anywhere. Each district forester is responsible for reviewing the yearly cutting plans of the forestry companies. There are no guidelines which the foresters follow regarding the size of clear-cuts which are allowed. The companies do not define clear-cutting in their plans.

In reviewing the forest management plan and the forest management agreements which have been signed between the ministry and industry, there is no mention of maximum clear-cut allowable in those plans. I would like to know why the proposals for a new policy on clear-cuts, or I suppose a proposal for a policy on clear-cutting because they never did have one, has not been accepted, particularly the proposed policy set out by Messrs. Flowers and Robinson? Why is there no clear-cut policy? What guidelines do you give companies to determine the amount of cutting which is to be done in certain areas? In other words, where are we going with it?

**Hon. Mr. Auld:** Do you expect Mr. Reid will be here later on?

**Mr. Bolan:** No.

**Hon. Mr. Auld:** Then it might be worthwhile to ask Dr. Pala from the Ontario Centre for Remote Sensing, to come forward in connection with how you interpret the satellite and high altitude pictures. Apparently that was a matter of some misunderstanding in the Legislature, and I may say, when I got hold of the report and looked at some of these photographs, I found it a little difficult to tell what was what. Dr. Pala, who is supervisor of research and training at OCRS, is here



and he might give us a short course on photo interpretation.

**Dr. Pala:** Mr. Chairman, first of all perhaps I could show you some examples of the satellite data and the extent of the cutovers and the physical situation of the regenerated forest within those cutover areas.

Some of these cutover areas you could see here, which are lighter in colour in this portion, are perhaps five or 10 times larger in size than what the honourable member mentioned.

**Mr. Bolan:** What is the scale on that?

**Dr. Pala:** The scale of this photograph is one to 500,000, one inch to eight miles.

**Mr. Bolan:** One inch to eight miles, okay.

**Dr. Pala:** So the extent of it is quite large. However, you have to perhaps look inside each large cutover area, at what type of regeneration has occurred, because these cutovers were extended in the last 30 or 40 years. Within that area, as you could perhaps just see here, depending on the reflection you receive in the infrared band, you could get quite a nice delineation of the portion being regenerated.

Looking at some image like that you will see areas of light green, lighter in colour. Those indicate fresh cuts which are perhaps two or three years old. For the rest, depending on the red colour, you can estimate how much regeneration has occurred within that cutover areas. By looking at it you can also gradually see older and new, young regeneration.

**Mr. Bolan:** But you do not know the extent of the regeneration or whether it is brush or whether it is commercially and economically forest which can be cut again. You do not know that.

**Dr. Pala:** Yes, we do. I will tell you how. The ministry—actually, Mr. Fullerton and Mr. Armson's offices—requested us to establish methods to find out how we can use satellite data or infrared photography to establish regeneration success in the cutover areas. We have two levels of technology to record that detailed survey: One will identify these cutover areas which have occurred or regenerated, been treated, which are up to five years in age. These are infrared photographs in which you can see red dots identifying the regenerated trees. With it, we are able to record trees that are up to 30 or 40 centimetres tall. They might be four or five years old. They could be counted for each acre and then we could estimate the density and type of regeneration.

The second one is from a satellite, and is used for older regenerated areas or burned areas. In those cases you have to use the technique and the law of physics to get the information you want. The infrared light is being reflected from the chlorophyll content of the trees. If you use an image recorded in the springtime when you don't have any broadleaves or grass—only the coniferous trees have the chlorophyll content—you will receive the reflection only from the coniferous tree. That analysis is being used in the aerial photographs or from satellites, making a seasonal recording of image so that we can see whether it is coniferous or deciduous regeneration. Making an analysis in the summer season, we could also estimate the deciduous components.

**Mr. Foulds:** Could I interrupt you for a minute? When did you take those photographs to determine the coniferous trees? What was the date?

**Dr. Pala:** Depending on the latitude, between April and May.

**Mr. Foulds:** So you can tell those coniferous trees that are sticking above the snow that remains?

**Dr. Pala:** Yes. This image was taken in May; there is no snow. This image over here is from October, because it does not show quite as much. However, when you get in the season, such as on May 10, whatever you see here in the red colour comes from coniferous trees. It is the Kapuskasing area in northern Ontario.

**Mr. Foulds:** Yes.

**Dr. Pala:** In May there is not much growth as yet. This one is from the summer. In the summer you can see all the clear-cuts. There are no large clear-cuts here but some can be seen which are perhaps one or two years old. The rest indicates all kinds of regeneration. From here we don't see too much in detail, but with a computer analysis of data we could also estimate the higher reflections coming from the broadleaves. Of course, the coniferous doesn't have much infrared reflection.

This work is quite a help at the present time. In fact, for the last three years, under the ministry's guidance, we have established a methodology to use the aerial infrared photography to survey the regeneration success. The manual has already been prepared. For this year we had to test the method and the manual is going to be distributed to all the ministry staff in the field so that they can perhaps use this technique to get an economical and effective means to survey

regeneration in cutover areas. The satellite is going to be used on all the old cutover or burned areas, to find out the regeneration success in those areas or the problem areas.  
11:20 a.m.

Looking at the size of a cutover like this one—it is some 250,000 square kilometres, a tremendous size—you can see the success of regeneration. This portion here is 100 per cent. Over the other areas, depending on the area, you can see the percentage of regeneration established. So not the size but the condition of the cutover perhaps should be the consideration. The same thing over here. The distance here is perhaps 30 kilometres, but this cutover is about 40 years old.

**Hon. Mr. Auld:** In other words, it started 40 years ago. As it has been cut, it has been regenerated; but the regeneration at first is smaller. It is growing.

**Dr. Pala:** The technology is quite effective, and this means we can recognize and see the problem areas in a large cutover. This, as a methodology, has been established and the large cutovers are being monitored with that technology.

**Hon. Mr. Auld:** Might I just say then in answer to your question, those photographs can be somewhat misleading if you don't really understand how to read them. I would invite the committee or any members thereof to visit the Ontario Centre for Remote Sensing. It is a fascinating place. It does a lot of things by remote sensing. I am sure they would like to see the members en masse, or preferably in small groups I guess, to get more out of it.

Before I ask Ken Armson to talk about cutovers and FMAs, I should mention that Fred Robinson, one of the two who wrote that report, also wrote a good deal of the forest management agreement material; he is one of our experts in this field. I think I would ask Mr. Armson—as he now is to us—not professor—to come forward and go into the forest management agreement process. He will tell us what it does specify as far as cutting practices, regeneration practices and such are concerned.

The agreement, as you will recall from the debates in the House on the amendments to the Crown Timber Act, is in a number of parts. Various schedules are attached to and become part of the legal agreement itself. Mr. Armson was the one we originally acquired on loan on a short term to go into this whole project and he has fortunately stayed with us. Since he is the resident expert perhaps he would deal with the matters. Fare away, Ken.

**Mr. Armson:** Mr. Chairman, in the matter of clearcut size in relation to forest management agreements, we considered very seriously whether putting absolute size limits would be, first of all, silviculturally appropriate in terms of the regenerating of the area. Second, we considered whether it was necessary in terms of other possible uses. I am thinking here primarily in terms of wildlife and certainly I would include the environment there. We also had to consider the feasibility of implementing an absolute limit.

Mr. Robinson, who was a co-author of the proposed policy, has been the senior silviculturist involved with the development of the prescriptions and standards in the ground rules. It was our considered opinion that to put an absolute limit on a size of clear-cut would be undesirable from a silvicultural and regeneration point of view, it would be unnecessary because of many of the other uses, and it would be impractical and very difficult to enforce if it were an absolute value such as 300 acres. I will go back through the reasoning for these.

First of all, depending on the prescription for regeneration, the species, the particular kind of terrain, exposure, moisture content, one might or might not have a clear-cut that would be of a greater or lesser extent. For example, we do have many clear-cuts regenerated to jackpine on outwashed well-drained sands that are larger than 500 acres, that were regenerated successfully and rapidly and the growth of the regeneration does not show any relationship to the fact that it was a large area. So there is an example from a silvicultural standpoint.

There are examples where the size of opening could be very critical. For example, with white spruce and incidence of frost damage it would be undesirable to have a full clear-cut if one were regenerating white spruce, unless it were on a northeasterly basic slope where factors change and it can be regenerated reasonably well.

In the light of variation within species—and Mr. Peacock referred to genetic improvement—we have evidence from the Matawin seed orchard in the north central region that there are strains of white spruce that can be regenerated in clear-cutovers that will in all probability be free from frost damage.

What I am saying is to put an absolute limit and then, by either technological improvement or by judgement in terms of the positioning of the cutover, we would constrain what might be silviculturally desirable.

**Mr. Bolan:** I would like to interrupt you for a second. Surely you would be able to

establish sizes in each of your management units, because you would have a reading of the terrain and a reading of the weather and sun conditions and that kind of thing?

**Mr. Armson:** I don't think we are at the stage yet where we could put reasonable bounds on it. One would have to put some rather tentative bounds. For example, using a 300-acre limit, how is that 300 acre cutover to be set out in the particular piece of real estate? Is it to be in the form of a long, narrow cutover which is to conform to contours? In the most recent forest management agreement there is a prescription that certain kinds of forests shall be strip clear-cut and that the widths of the clear-cut shall be not in excess of 400 feet. The reason for the 400 feet is because that is to be regenerated naturally from black spruce and that is the maximum distance over which we can expect a reasonably uniform seed throw. That was the main consideration there.

If you were going to have 300 acres, that size could become—I do not have my little calculator here—when you take 400 feet and 300 acres in width, you are going to have an extremely long strip. If you follow me, the configuration is all-important—if it is rectangular, narrow rectangular and so on. In most of our areas we do have natural breaks. But I think the point is that we cannot in a professional silvicultural sense say 300 acres is necessary—even on one site compared with another one. In terms of the other uses, in the operating plan we are looking at the activities, size and nature of the cutovers that are planned for and then, at that time, we are assessing them with respect to other uses.

11:30 a.m.

**Hon. Mr. Auld:** What is the definition of a clear-cut? If, for instance, an area is cut this year as mature then perhaps two or three years later when some regeneration has started, but you do not see much of it, you cut some more adjacent to it because it is now mature. Is a clear-cut only what is cut in one season? This is one thing I have not found in any material.

**Mr. Foulds:** That is a good question, Mr. Minister.

**Mr. Armson:** There is considerable confusion in the way the word "clear-cut" is used. To a forester professionally, the clear-cut as applied in the silvicultural system is the felling of all the timber in the area—

**Mr. Foulds:** In one season.

**Mr. Armson:** That is right—in one season and with a view to regenerating it. In other

words, regeneration is a part of the actual definition.

Much of our areas which we call clear-cuts are not clear-cuts in that sense because we do leave either groups of trees or bands of trees for whatever reason. These are really cutovers on which most of the timber has been removed. But going from one cutover to the next we are, in effect, going each year to a new clear-cut.

**Hon. Mr. Auld:** The area of Spruce Falls south of the highway, some of their own land, is a good example of that to me. There was a large area there which had been cut but there were still a lot of trees on it.

**Mr. Armson:** That is correct.

**Hon. Mr. Auld:** They were a fair size, but obviously not yet mature.

**Mr. Armson:** That is right.

**Hon. Mr. Auld:** Then that would not be considered a clear-cut?

**Mr. Armson:** It would not be a clear-cut in a strict sense.

**Mr. Foulds:** We would call it a clear-cut.

**Mr. Armson:** Clear-cutting is where most of the trees are cut. This is the way it is used.

**Mr. Bolan:** I would like to ask a few questions on this. I take it Mr. Flowers and Mr. Robinson are highly qualified people to put out reports such as this one.

**Mr. Armson:** That is correct. They are professional foresters.

**Mr. Bolan:** With the greatest of respect to you, because you are well known as a professional forester, would you say they have as much if not more expertise than you in the field which they studied which led to this proposed policy on clear-cutting?

**Mr. Armson:** Yes, I would say they have a great expertise in the area of field forestry.

**Mr. Bolan:** Greater than yours?

**Mr. Armson:** In the area of time in this field, yes, I would say so.

**Mr. Bolan:** So one would have to assume from that their proposed policy and their report—and again I say this with the greatest of respect to you—is probably more accurate than your own opinion. Would you not say that?

**Mr. Armson:** I do not know about accuracy. For example, I was asked by them to provide some of the information that is in their report. Yes, it is accurate with respect to those items. I think Mr. Robinson, being the boreal silviculturalist, has been primarily concerned with the setting up of the prescriptions for the forest management agreements. He cer-



inly did not feel an absolute limit was desirable for the reasons I have stated.

**Mr. Bolan:** Is Mr. Robinson here?

**Dr. Reynolds:** Could I just make one interjection? I think it might help if I explain this aspect to the committee, that perhaps behind what might seem like a little reticence of Mr. Armson's part is only, in part, modesty. Frankly, while these two gentlemen are unquestionably the main authors, it is not their work alone. They certainly have had consultation with Mr. Armson and a large number of professional foresters of the ministry. So this does substantially represent a consensus. I take nothing away from them in terms of them being the prime authors, but this is the product of many people's minds and expertise.

**Mr. Bolan:** That being the case, do you not think it is that much more incumbent upon the ministry to accept this proposal which sets forth criteria to be followed with respect to clear-cutting?

You have the best in the field. You have the experts who went out and came in with the report and it clearly sets out maximums. There is no question about that. If you will look at schedules one and two of the report, in schedule two, for example, the general guideline which discusses the block-cutting—type of cutting to be done over what period of time, buffer zones, percentages of removal from the block—is all clearly established. Again, on the size of the clear-cuts, it lists the constraints, the size of the clear-cuts, it talks about soils under 12 inches, subject to blowing, all of which have a certain type of cutting and a maximum.

Then, in a clear unequivocal statement by the experts in the field—and from what Dr. Reynolds has just said all the other experts have contributed to the proposed policy—there is a maximum individual clear-cut is not to exceed 300 acres. In view of this, how can the ministry fly in the face of this report, which to me is so clear, which has been commissioned, which has been requested by the ministry and which has the best experts in the field? How can you fly in the face of it?

**Mr. Auld:** I think, Mr. Bolan, the biggest single difference is there are now no forest management agreements.

**Mr. Bolan:** Yes, but forest management agreements do not deal specifically with what the proposal is; that is, the maximum clear-cut of 300 acres.

**Mr. Auld:** The forest management agreements deal with a whole host of things which we now control but which were not controlled when this report was written.

**Mr. Bolan:** You do not have a policy on clear-cuts.

**Hon. Mr. Auld:** I am not putting words in anybody's mouth, but I am saying that if Fred Robinson is the fellow who was one of the two main authors of this report, in the absence of all the other controls and requirements we went through at some length in the House about what is in the FMAs in terms of description, in terms of regenerating, cutting properly so that one can regenerate more effectively, that whole host of things, he is achieving the goals that were set. We wanted some goals. We produced this report. This report and the recommendations in it may be carried out to some greater or lesser degree, as found necessary because of the other controls we have now written into the prescriptions that are part of the forest management agreements. Perhaps that is a little convoluted, but that is the feeling I have.

**Mr. Bolan:** No, it is an easy way of saying you do not have a policy on clear-cuts.

**Hon. Mr. Auld:** We have a policy on silviculture which includes clear-cuts, stiff-cuts and no cuts.

**Mr. Bolan:** What about clear-cuts? Do you have a policy on clear-cuts; yes or no?

**Mr. Armson:** It is in the same way we do not have a policy on shelterwood cuts, or on partial cutting or on tree seed cutting. The policy is basically on the silviculture, as the minister said, and related to that in the agreement are detailed prescriptions relating to the individual stands and sites.

**Mr. Bolan:** I have one final question. I take it it is not the ministry's intention to adopt the proposed policy as set out by Mr. Flowers and Mr. Robinson?

**Hon. Mr. Auld:** That has been superseded by the policy that is inherent in a much broader context in the forest management agreement.

11:40 a.m.

**Dr. Reynolds:** I have one other point. This is, of course, in its title a "proposed policy." With great respect to my colleagues in the ministry who are foresters, forestry cannot be the sole criterion for determining any of our resource-based concerns. We need to consult with a wide range of people, including the Ontario Federation of Anglers and Hunters, the Federation of Ontario Naturalists, the Northern Ontario Tourist Outfitters Association, the recreationists and that sort of thing. I share with Mr. Foulds his concern about jobs related to the forest, and those are important, but the forest must be much more than a producer of fibre.

**Mr. Bolan:** You may be producing deserts out of it if you have all clear-cuts up to 16 miles long and five miles wide.

**Dr. Reynolds:** Those are provided for and prohibited in the rules under which the forest management agreements are written which are much more comprehensive and much more specific to the sites covered by the individual agreements than a single broad policy could ever be.

**Mr. Foulds:** I wonder if I could have a couple of supplementaries here about this clear-cut business.

I quote from a letter the minister sent to Mr. Townsend in the Armstrong area. I am having difficulty following this discussion, because the minister in this letter under forest management says, "I support clear-cuts of moderate size and possibly a maximum of 160 acres in certain areas for reasons you mention." This is in a letter dated September 15, 1980. It is to Mr. Doug Townsend in Armstrong. That is from the minister.

The second letter is to Mr. King.

**Hon. Mr. Auld:** You might mention the reasons he mentioned.

**Mr. Foulds:** I do not have his letter. I just have a copy of your reply.

**Hon. Mr. Auld:** I haven't got it here either, and I can't remember the reasons he mentioned.

**Mr. Foulds:** The second letter is a letter dated July 14, 1980, which you sent to Mr. King. You say: "My staff in the Armstrong area will be monitoring the logging operations very closely and will take appropriate action as required to limit the size of clear-cuts. An example of the future requirement is in the Armstrong crown management unit where the clear-cuts are limited to approximately 150 acres in size, mainly in overmature stands."

What that appears to say to me is that there is some policy in some areas with regard to clear-cuts. I think all Mr. Bolan wants to find out is, and certainly the question I asked previously was, surely you do establish some limits on clear-cuts in some management units.

**Hon. Mr. Auld:** In all the crown management units we establish a lot of things, such as the species one person is licensed for. There are some licensed for a variety. There are some licensed for only one. We control it far more strictly because in some of them there are, I suppose, one dozen licensees at varying times for varying species.

I assume the reason for that 150 acres is that was all mature timber and if one does not cut it pretty soon it falls down.

**Mr. Foulds:** Do you know that situation, Mr. Armson?

**Mr. Armson:** I am only slightly familiar with that but, if I might just add, if that area were to be involved in a forest management agreement and the local ministry staff were using and considered it desirable to have a 150-acre limit, that would appear in the ground rules. In other words, in answer to Mr. Bolan, there is no objection to it where on the basis of local evidence there is some limit, but we would not consider a province-wide limit as being desirable.

**Mr. Bolan:** Are you leaving it to the local foresters in the district to determine the size of the clear-cut?

**Mr. Armson:** In the forest management agreements, in which the ground rules are all developed by the local staff, if they had suggested there should be a clear-cut size, then that would have appeared in those rules.

**Mr. Foulds:** There is no prohibition by the ministry to establishing a maximum clear-cut size. If I could just follow up on this for a moment or two, I am trying to understand it. What happens if there is not a forestry management agreement? Does the unit forester or district manager establish for his management unit a maximum size for clear-cut if he sees that as a desirable thing with the land conditions and the species?

**Mr. Armson:** Yes. That can be established by the local district manager and forest management supervisor.

**Mr. Bolan:** Do you have a directive to you district foresters to this effect, that they are to use their own judgement in determining the size of a clear-cut in a particular area?

**Hon. Mr. Auld:** As I have said before, we are decentralized and we think we are more efficient as a result. One of the authorities is a district manager and his senior forester has a great variety of conditions that can be applied on a licensee who works in a crown management unit.

I am the one who signs the licence, but assure you I am not a forester and I do not add or subtract any conditions that might be involved.

**Mr. Bolan:** Is there a specific directive that goes out to the district manager, in determining the size of a clear-cut according to whatever FMA is being prepared in his area that he uses his own discretion after consulting with his own people as to the size of the clear-cut?

**Mr. Peacock:** In areas where there is no FMA, which was part of this question, the

cut that goes in on any area is subject to the approval of the local district where the cut occurs. The cut will be in accordance with the company's management plan. That is what it will be reviewed for. The company is required under legislation to submit a management plan. It is also required under legislation to submit an operating plan that gives some indication of where it is going to cut and when. As Ken Armson has said if, in the view of the local objectives, it appears to be in the best interests to limit the size of clear-cut, or indeed to make any other specification that might improve silviculture, they can do so.

I think it is worth considering here what we would do if we put on a provincial limit. Suppose you are dealing in a part of the province where one does not have the access. One just does not have sufficient road access to take out the timber that is required to keep the mills in Thunder Bay running and to keep one's clear-cut size down to 300 acres. One has to cut in an awful lot of places to get a million cords, if one is going to limit cut size to the 150 acres which was suggested. Part of the FMA program is to deal with that problem, to build the roads—and the re-agreement also—and to identify it as a very important component. It is probably one of the real limiting factors.

I do not think anyone here, Mr. Bolan, is suggesting it wouldn't be in the best interests of forestry to disperse the cut; in other words, to have it in more places and smaller places. It just to arbitrarily say it cannot be more than 300 acres next year would be devastating in some parts of the province. On the other hand, to cut more than 300 acres is not necessarily disastrous if one gets right in there and gets it regenerated and planted. I am sure any of you from the north have seen large areas of jackpine that have been clear-cut, scarified and planted, and they are eighty pretty sights today. This is not to say we would not like to have it dispersed a little bit more but, in all practicality, a limit is not very useful at this time.

5:50 a.m.

Mr. Bolan: What about these statements made in the report? "Evidence is increasing that excessively large clear-cut areas do not regenerate as well as more protected smaller ones." According to the authors—this is taken from Ontario Ministry of Natural Resources unpublished survey reports—"Numerous Ontario Ministry of Natural Resources regeneration surveys show the lack of suitable regeneration following clear-cutting and that patterns of regeneration appear to be influ-

enced by the size of the clear-cuts." The other statement is, "Large clear-cuts are also more subject to site alteration due to exposure."

The authors cite the areas from which they take this, various papers that have been presented over a period of time. I will not list them all but they are here, for example, testimony at Senate hearings on clear-cutting in Cochrane; soil temperatures and natural regeneration in south-central Oregon. This is pretty hard evidence, and you are flying in the face of it.

Hon. Mr. Auld: What I tried to say, Mike, perhaps not very clearly, is that if there were absolutely no control on what was going on, perhaps the only tool available at the time—and it could be a condition of the licence, I suppose—would be to arbitrarily say, "There will be no clear-cut more than a certain size." However, as Ken Armson has said, with the variety of tools available now under a forest management agreement, and the staff to go over them pretty carefully with the company before they are signed, there is not the same necessity to have this kind of requirement.

Again, as Ken said, we are finding out new things from time to time. Large clear-cuts have been regenerated very successfully and very quickly with the right techniques and the right kind of seed, the right specie and that sort of thing. To arbitrarily add what is, as far as I can make out, not good silvicultural practice simply because there have been large clear-cuts made in the past, when there were absolutely no restrictions, does not seem necessary.

Mr. Riddell: Mr. Chairman, my suspicion of the efficiency of the ministry and its operation since decentralization is now being addressed. The minister may recall I pursued this line of questioning a week or so ago, and I do want to thank him. But he sent over a copy of the 1981-82 work program planning manual, and I wanted the 1980-81 manual, which I was finally able to obtain.

The fact of the matter is, the ministry statements, the priorities and guidelines that are established and left up to the staff to interpret are so damned general that they are insufficient to guide anyone out there in the field. Therefore, they are just running their own little show.

There are no indicators, as I have suggested before. I lay awake several nights. I really think, Jimmy, you were bamboozling old farmer Jack here with some of the answers I was being given the other day. Going through this, and I did, I took some time to look through these work program



planning manuals— if I were a staff member out there in Wingham or wherever it was, and looked at that and read it, I'd say, "There is not a hell of a lot to guide me or give me guidelines as to what I am to do; so I am going to run my own bloody show." I do not know whether your priorities are right.

I am amazed—I do not know whether we will get into this some time—by an article that appeared in the London Free Press saying these poachers of deer have you people bamboozled; you cannot contend with them. I know I am getting a little off the subject here, but I am amazed to see the number of deer being poached by experienced people who watch every move you people make. As the article indicated, you do not have the sophisticated equipment they have. There are literally hundreds and hundreds of deer being poached, and the Ministry of Natural Resources cannot do a darned thing about it.

**Hon. Mr. Auld:** Did you say "beer" or "deer"?

**Mr. Riddell:** Deer. As I have said, my suspicion of the efficiency of your decentralized program is now being addressed with the line of questioning by Mr. Foulds and Mr. Bolan. The fact of the matter is that no directives have been sent down and no guidelines have been given to the staff out there. There have been no indicators to see whether they are trying to follow policies and priorities that may be established in a very general way by the ministry here. I think a tremendous amount of work has to be done on this yet.

**Hon. Mr. Auld:** First, we want to remember that it's primarily a professional technically trained staff who are dealing with their various responsibilities in the forestry field. They're foresters.

As I mentioned at some length when we were talking about the management improvement plan and the targets we set and the audits we do, it is fair to say there is sufficient information, without tying someone's hands rigidly, in these programs to indicate the direction we want to go and the ministry's priorities. When you tie that together with the budgets set up by the districts and regions and then monitor, you can see whether we are accomplishing what we set out to do. I do not want to take the time to go through that further or to get back to Dr. Reynolds, who is in charge of administration, to spell it out more definitively than I would.

**Mr. Riddell:** You talk about a budget, and I know you allude to a zero-base budget in this planning manual here. As far as I am concerned, the region sees about the

top five per cent of the budget, you people see about the top five per cent of the budget, and 95 per cent seems to be a black box.

**Hon. Mr. Auld:** Ninety per cent.

**Mr. Riddell:** You probably see the same five per cent the regions do; that is what I am saying. Then there is 95 per cent that seems to be a black box.

I realize I am getting off on something we should not be dealing with. We are talking about forestry, but I am trying to indicate to you that I really do not think the ministry is doing a job. We talk about these darned groups. I could ask you questions as to what the groups are doing. Are they doing a whole lot of travelling? Could you qualify their travelling?

There seems to be a lack of strategic plans. You seem to carry on an operation on a year-to-year basis. There does not seem to be any long-range planning. You put these books out every year and change them a wee bit, but it seems to be a year-by-year operation. I do not know; I think your ministry is falling apart. That is my opinion.

**Hon. Mr. Auld:** I don't agree with you. I think it is in better shape and things happen more rapidly than they used to.

**Mr. Riddell:** It is not in very good shape when you see this clear-cutting, when you see a desert being created up in northern Ontario, as these fellows are saying. These guys can go out and take all the deer the darned well want to take, and you people cannot do a thing about it for some reason. I do not know what it is.

You talk in here about one of your priorities being to leave more up to the private sector. Maybe you had better get the private sector involved to apprehend these chap who are taking all these deer. If it means putting them in jail for two or five years, we have to get some kind of control over this.

**Hon. Mr. Auld:** I am not aware of the problem you are talking about.

**Mr. Riddell:** I will bring the article in.

**Hon. Mr. Auld:** We have more officers in the field. We have a little sophistication. We have a few helicopters policing and stuff like that. We have dealt pretty effectively in the areas in which I have reports with trespassers and poachers. I would be seriously interested to see what you are talking about.

**Mr. Riddell:** I will bring it in and maybe we will have a chance to get your views on it. But I was astonished to see that you people literally have very little control.

**Hon. Mr. Auld:** Any time you aren't sleeping at night, Jack, I'm worried. So come on over and we'll try to see what we can do for you.

**Mr. Foulds:** Are you sure it is the Ministry of Natural Resources that is causing your insomnia?

**Hon. Mr. Auld:** I can give you a course in my old speeches; that will do it—even some of my new ones.

12 noon

**Mr. Foulds:** I have two items I would like to deal with quickly under this vote, Mr. Chairman. One is the problem of woodlots and woodlot assessment I mentioned at the beginning. I believe we have a great potential through private woodlots. I would like to read a few excerpts from a sub-committee report—I gather it is not a final report—on woodland assessment by the tree farm committee of the Ontario Forestry Association. I think it puts in a nutshell some of the problems we are facing and some possible solutions with regard to private woodlots.

The problem, as they outline it, is: "The management and possibly even the existence of nonfarmer-owned woodlands is being threatened by present assessment and taxation practices. Nonfarmer-owned woodlands are being assessed as residential and recreational lands resulting in higher taxes on such woodlands than taxes on farmer-owned woodlands. Such higher taxes create a severe financial burden on woodland owners who secure only periodic and infrequent income due to the lengthy growing period of forests. Such a burden will lead to the destruction of woodlands by lack of management and the conversion of forest land to other, possibly unsuitable uses.

"Since 1974, the Ontario Forestry Association and the Ontario Ministry of Natural Resources have received complaints from nonfarmer woodland owners about increased taxes resulting from market value assessment. These complaints are cause for concern on the part of foresters involved in management of privately owned woodlands. Complainants indicate that they would have to cut their forests more heavily than good management practices would suggest or else liquidate their forests in order to pay the increased taxes.

"The possible loss of private forests or their mismanagement is of great concern. In Ontario, 13 per cent of the total productive forest land is privately owned: crown forests, 34,870,000 hectares; private forests, 1,074,000 hectares."

Paul Aird, in his 1980 report *Government Incentives and Disincentives to Private Land Forestry*, indicates: "Thirteen per cent of Ontario's forest land in private ownership yields at least one third of Ontario's roundwood production and an even higher proportion of its value. Further, privately owned forests being located principally in southern Ontario have a greater potential for forest production due to longer growing seasons and are often closer to markets.

"Market value assessment has raised the assessed values of nonfarm woodlands, because sale values of residential and recreational land (higher than farm values) were being used as an assessment base. Thus it was noted that farm woodlands and nonfarm woodlands immediately adjacent were being taxed at different levels. From the standpoint of the long-term economic viability of woodlands, increased taxes create a financial burden or demand an increased owner investment which may be uneconomical due to the long period of time between forest harvests.

"Woodland owners have threatened to cut their forests and farm the land as mentioned above or to pasture livestock in their woodlands in order to secure an assessment classification of farmer to lower their taxes to the level of neighbouring farms. Either course will adversely influence our dwindling forest resources." That is particularly inappropriate if the land is most productively used as a woodlot.

Just a few more paragraphs, if I might, Mr. Chairman:

"It seems illogical for two Ontario government ministries to be in opposition to each other in their respective programs. On one hand, Natural Resources devotes considerable staff and support funds plus subsidized nursery stock to assist in the management of woodlands and forest lands (these are not synonymous).

"The ministry recognizes the value of forests to the industrial sector as well as to society as a whole and has accepted a government responsibility to provide forest management service and advice to private woodland owners in order to assist them in creating an economic operation.

"In addition, Natural Resources is funding the managed forest tax reduction program in the amount of \$500,000 for 1980-81, providing some tax relief to 6,000 land owners who need specific criteria. This expenditure is excessive because of inequitable assessment and the assessing of forests at residential or recreational rates.

"On the other hand, the Ministry of Revenue in administering the Assessment Act is supporting and in fact sponsoring a program which may make forest management an uneconomic venture for some owners, thereby acting against Natural Resources programs. Such conflict should be eliminated by the creation of an overall government policy, thus creating a greater degree of efficiency in government programs.

"An example of this conflict is reflected in the reply an assessor is reported to have made to a complaint about high woodland assessment: 'If the owner doesn't like it, he can put cows to pasture in the woodlots so the land can be classed as a farm.' He is stating the facts but he is showing no appreciation of the woodland, its value and the owner's interests. He is doing his job as it is laid down, and we suggest that guiding policies are in need of change."

I want to jump to where they list the various kinds of assessment that could take place, including some modifications that are used in the state of Vermont. They come down on the side of suggesting that all woodland should be classed and assessed as farm regardless of the occupation or interests of the owner. This will require a revision to the Assessment Act to change present assessment procedures which have been arbitrarily established without legislation or changes to present legislation.

I know that is ultimately the job of the Ministry of Revenue but, Mr. Minister, I would like to know whether your ministry has taken any position on the matter and what recommendations it will be making. I think I understand some of the difficulties in definition here. There may be some areas that could be and properly should be productive farm land.

**Mr. Riddell:** Is a managed woodlot not exempt from tax?

**Hon. Mr. Auld:** Under the Woodlands Improvement Act, the Ministry of Natural Resources pays half the taxes on a managed woodlot; so we are not very excited about seeing the assessment increased either.

Bill Fullerton, who is director of the forest resources group, is here. They are the ones who deal with managed forests, either under this act or in the county forests and the other programs.

Here is the Minister of Revenue (Mr. Maeck), just in time. We are talking about woodland improvement. All we need is the Treasurer (Mr. F. S. Miller) and we might settle this today.

We are not leaving for Parry Sound until four o'clock, are we?

**Hon. Mr. Maeck:** I just came to tell you I was not leaving at all.

**Hon. Mr. Auld:** Then don't go away.

We are very interested in increasing the program. There are a number of areas I fly over where there is a great opportunity and probably it would be the best possible use of the land, not only for the production of fibre but also for habitat for animals and a whole lot of things.

**Mr. Foulds:** And for conservation reasons.

**Hon. Mr. Auld:** Perhaps Mr. Fullerton can explain to you what our problem is in terms of those areas that have been under the act by agreement with us for some time where the assessment has been changed from agriculture. We are having some discussions with the Ministry of Agriculture and Food people about this.

**Mr. G. I. Miller:** I have a question which perhaps relates to this. In many areas where you brought in section 86 of the Assessment Act, it has increased the taxes on the very holdings you are indicating by as much as five and six times. They are classed as residential and it is really creating a burden, because there is no way of retrieving the revenue unless they utilize it as residential land or cut it over to retrieve an income that can justify that type of tax.

If we want to maintain our woodlots, there have to be some adjustments made. I am interested in comments on the policies we do have on it.

12:10 p.m.

**Mr. Fullerton:** Mr. Chairman, this is a very complex and involved area for discussion and I think much of this concern arises out of budget paper E of the mid-1970s. In preparing budget paper E, our private land forestry group had a good deal of input, along with the Ministry of Agriculture and Food, in terms of assessment of agricultural and forest lands. All the recommendations of budget paper E were not implemented and various compromises have been made. It has upset the nonfarm woodlot owners, and this, along with market value assessment, has certainly brought into place some very high increases in taxes.

Along with market value assessment, the Ministry of Agriculture and Food brought in the farm tax assessment rebate program; we also brought along the managed forest tax rebate program at the same time so that nonfarm woodlot owners would not clear their woodlots to gain the benefits of the



farm tax. We have a parallel and equitable system in place.

The Ontario Forestry Association figures are substantially correct, and they indicate something like nine or 10 per cent of the privately owned woodlands in Ontario produce something more than 20 per cent of the mill furnish in the province, and this is the basis for this ministry's interest in private woodlot assistance.

In addition to advice and the extension service to private woodlot owners, of course, we have the Woodlands Improvement Act, which provides some material assistance to private woodlot owner or a farmer who wishes to increase the area of his woodlot. The managed forest tax reduction program is linked to the Woodlands Improvement Act in that this is one of the criteria for receiving the managed forest tax rebate.

You have to examine what is going on with the increase in nonfarm woodlot owners' taxation. The Ontario Forestry Association in one of its newsletters quoted an example of a nonfarm woodlot owner in eastern Ontario whose taxes had risen from something like \$200 a year to \$1,100 a year. It was a 100-acre property and 88 acres were woodlot. It seems that after this great increase in taxes the rebate on the 88 acres of woodlot was something like \$36; so he said: "This program has done no darned good to me. My taxes have gone from \$200 to \$1,100 and I only get \$36 back." This means the actual taxation on his 88 acres of woodlot was very low—it was \$72—and the other \$1,000 was on his house. There is a good deal of misunderstanding about the managed forest tax reduction program will do.

It is an area of great concern to us, Mr. Minister, and in Mr. Armson's initiative in looking at private land forest policy and coming up with a green paper in the next two years, he will be addressing this whole area of taxation, which as I mentioned is very complex. We will be addressing that whole area and we hope, by working with people in the Ministry of Revenue, there will be some options addressed in the green paper which may help us see through the maze that is there.

Mr. Foulds: I just have one comment, because your example pinpoints the problem, doesn't it? The full-time farmer doesn't pay slight residential rates on his dwelling on the farm. It would appear from the example you gave that the woodlot owner, if he is not farming, does pay those rates, and there may be some combination in there that is worth looking at that would be useful and

productive, particularly if he is spending considerable time in some years on the woodlot itself.

Mr. Fullerton: My understanding, Mr. Foulds, is that the recommendations of budget paper E were not followed in connection with the farm tax rebate. The recommendation of budget paper E was that the farm buildings should be excluded from the considerations, but in the final analysis they have been included, in that they are part of the production unit. The barn is part of the production unit, and then you come to the farm house, I think you can argue that is part of the production unit of the farm as well, because of the preserving and processing that goes on in the house. So that is the crux of it.

The other thing is that somebody mentioned section 86, which provides for a factor to be multiplied against the assessment; in effect, it comes up with the number to which the mill rate will be applied. I don't know whether the factor for farm assessment is higher or lower, but it has the effect of putting a lower number to which the mill rate is applied than for recreational land or residential land under the category in which nonfarm woodlots are assessed.

Mr. Foulds: It may be worthwhile to define a special category, because a woodlot owner may well be getting income from other sources, whereas the farmer is farming full-time. Obviously, there should be some consideration if we are to maintain the woodlots. I think the minister himself points out a good example when he says eastern Ontario particularly has areas where the best use of the land would be productive woodlot use.

Mr. Fullerton: I do not necessarily want to complicate the matter further, but the revenue from nonfarm woodlots and the Income Tax Act are another whole area of incentive or disincentive, depending on how you look at it. The members of the Ontario Forestry Association have trouble separating the two because, in terms of their cash flow position, they are very intricately linked.

Mr. Foulds: That is all I had on this particular item. I have one other item on this vote.

Mr. G. I. Miller: Can I ask one question just to wrap this up? Is it the policy of the ministry to preserve these woodlots and encourage them to be utilized as woodlots rather than as residential areas? Is that the direction you are going?

Mr. Fullerton: That is our objective, yes. We want to maintain the woodlot base in

southern Ontario which provides more than 22 per cent of the mill furnish in Ontario.

**Mr. G. I. Miller:** Not only that, it is providing more in the way of energy to heat homes. I have seen it increasing every year in the last five years, and I think we have to protect it for 50 years from now, and the only way we are going to do it is by improving those woodlots.

**Mr. Fullerton:** The markets available for the use of fuel wood are one of our greatest hopes for improving the management of southern Ontario woodlots. We talked previously about the difficulty with harvesting poplar and developing markets for poplar which is a hindrance to our silvicultural program in northern Ontario. Our lack of markets for low-quality hardwoods has been a hindrance to our management of woodlots in southern Ontario. We are anxious to work along with fuel-wood people to increase the utilization of that low-grade material.

12:20 p.m.

**Mr. G. I. Miller:** One other question comes to mind, and that is the harvesting in northern Ontario and the use of that heavy equipment. They just ramble around. I am not from northern Ontario, but people who have gone hunting there have indicated that they have no regard for the small species. Is this a problem in your estimation?

**Mr. Fullerton:** It is fair to say some of the harvesting machinery that has been developed over the past 15 years has been used inappropriately, in inappropriate places, by industry, and the designers of the equipment haven't necessarily been concerned with the regeneration or what it is doing to soils. This has turned around in the last three years or so, and the research organization that deals with harvesting and development of harvesting equipment—it is called FERIC, the Forest Engineering Research Institute of Canada—has now taken into consideration the silvicultural aspects of harvesting machinery.

The other encouraging thing, Mr. Minister, is an experiment which I think you saw up at Spruce Falls of the Rollagon, the tires that are put on wheel skidders. These are huge balloon tires that put about two-pound-per-square-inch pressure on the ground. Using those for skidding in the clay belt, which is a very sensitive area—the soil is very sensitive—has just changed the whole silvicultural prospect in the area, because with this equipment you no longer gouge the soil and cause ponding of water and interference with normal drainage patterns and what not.

**Hon. Mr. Auld:** They haven't hurt the tire makers either. They cost five thousand bucks a tire.

**Mr. G. I. Miller:** Do you have any policy or guidelines on that from your ministry?

**Hon. Mr. Auld:** Once again, that is an encouragement that is built in to any user because he is going to get better regeneration and not damage the soil. It is fascinating to watch. I took some movies of it, as a matter of fact, to see it move through and go over stumps and all kinds of things. I compared it with another skidder that had been operating in the same spot and had made two trips; and the ruts were deep and it destroyed any young growth that was there. Spruce Falls bought that because it was going to save them money and improve their own regeneration. That is the kind of thing you really don't have to legislate, because it is worth while even though the tires are pretty expensive.

**Mr. Riddell:** Erosion has to be a prime consideration in your policy to encourage woodlot management in southern Ontario. I don't know whether any of you have ever driven down in Essex and Kent counties on a windy day when they are putting in the crop or when the crop is just coming out of the ground. You can see the tremendous amount of soil that is blowing around down there, and even water erosion is taking place down there. It seems to me that by some method we are going to have to get those farmers to re-establish some of those woodlots.

As a matter of interest, there is a Save Our Soil conference being held in Guelph in the first part of December, Mr. Minister. Will you be having any of your ministry people attending that? It is a first of its kind, I think.

**Hon. Mr. Auld:** I am told that we will.

**Mr. Riddell:** I am pretty concerned about what is happening down in that flat land of Essex and Kent counties. They have removed all the woodlots simply because, with land the price it is, they can't get the productive value of the land out of the woodlots; so they have knocked all the trees down. I think we are going to pay for this in the long run, because already you see this soil blowing around and water erosion the like of which I haven't seen for some time.

**Hon. Mr. Auld:** I think it is starting to come through to people that you must have some trees. I can't remember the figure now, but it seems to me some of the counties are down below five per cent ar

a rule of thumb is about 20 per cent, isn't it, as a minimum?

**Mr. Fullerton:** The agronomists tell us they like to see 10 per cent of the agricultural area in woodlot for this very purpose of modifying climates and desiccating winds. We have a renewed program in the southwestern region in our extension program to promote the planting of shelter belts and windbreaks. This has been going on for a year or so. It hasn't had a high profile, but our extension staff have been working with individual farmers to promote the establishment of shelter belts and windbreaks.

**Mr. Chairman:** With that, we will adjourn until two o'clock.

**Mr. Foulds:** I thought we were going until one o'clock.

**Mr. Chairman:** Do you want to go on? Okay; fine.

**Hon. Mr. Auld:** Fortunately, I don't have to go.

**Mr. Foulds:** I have one more item under his vote; and it is a problem I want to present to the minister on behalf of my faithful colleague, the member for Sudbury East (Mr. Martel), who is unfortunately in another committee. I want to raise it because it is not only a particular problem but also a general one.

The problem I refer to is the contracts that are let by the ministry to private businesses, to private entrepreneurs, for replanting. What happens is, the terms and conditions of the contract are such that on many occasions, first, the kids who are doing the planting don't get paid for the work they do and, second, the planting is done by the terms and requirements of the contract in such a way that it boggles the mind it ever gets done at all. In particular, to illustrate those contentions, I want to bring the attention of the committee to the problem that the member for Sudbury East brought to the attention of the ministry with regard to a contract in the Chapleau area with Nichol Landscaping and Haulage.

The first problem is that the ministry edged the contract to be inadequately completed and therefore did not pay the full amount in the agreement. That resulted in many of the students who were employed by the company not receiving their wages. There was, first, a letter from Mr. Martel to the employment standards branch of the Ministry of Labour, because his attention was first focused on this problem as a result of a complaint from one of the students who couldn't receive payment. Maybe I could just

read a couple of paragraphs from the letter so you can understand the problem. Mr. Martel's constituent is Miss Laurie Goltz, 7 Spruce Street, Capreol:

"Mr. Max Goltz contacted our office on August 18, 1980, concerning his daughter, Laurie. Laurie had been hired by Mr. Gary Nichol, a contractor, to plant trees in the Foleyet area. The job began on May 11 and was completed on June 20, 1980, and to this date she has not been paid for the job.

"Mr. Nichol had apparently approached the Ministry of Natural Resources to obtain the contract for tree planting. I spoke to Mr. John Gillham of the Ministry of Natural Resources in Chapleau this morning and he told me that when Mr. Nichol was given the contract to hire planters it would be his responsibility to ensure that these people were paid upon finishing the job. Upon completion of the work, Mr. Nichol was to submit his invoices to receive his payment from Natural Resources, which would take 37 days or more.

"Apparently, when Mr. Goltz spoke to Mr. Nichol, he was advised that the reason he could not pay the planters was because he himself had not received payment from Natural Resources. Again, I reiterate that, according to Mr. Gillham, it was up to Mr. Nichol to make sure the planters received payment.

"Miss Goltz advises me that there were 50 people in the group, plus another 100 or so, totalling approximately 150, which she believes were hired by Mr. Nichol. As far as she is aware, none of these people have been paid."

12:30 p.m.

The reply from the Ministry of Labour on September 12 is a fairly detailed one but outlines the entitlement that Miss Goltz should have received, and she was owed a balance of \$878.43.

I will quote just one paragraph from that letter: "I also advised her that Nichol was only able to pay part payment to some of the employees due to the amount of the cheque that we received from the Ministry of Natural Resources, who penalized him due to the alleged poor planting procedures."

Then I quote from a letter from my colleague the member for Sudbury East to the minister himself:

"Please find enclosed a copy of a letter my assistant wrote." And it outlines the previous quotes that I have indicated. "You will note in the second last paragraph, Mr.



Kretschmar, who is with the Ministry of Labour employment standards office in Sudbury, in his response to me indicates to me that the Ministry of Natural Resources has penalized this man for poor planting practices.

"This is very commendable. However, it does present a problem. Mr. Nichol was only paying partial amounts to the young people who were hired. In other words, in the case of Miss Laurie Goltz, who was owed a considerable amount, she has only received"—and I cannot read the figure here because it has been typed over; I think it looks like \$400, but I am not sure.

"Consequently, there is still a major balance outstanding. The Minister of Natural Resources has seen fit to withhold the money from going to Mr. Nichol, but who is to guarantee that the students who were hired are to receive payment? It would seem to me incumbent on the Minister of Natural Resources to acquire the records and pay directly the students the money they have forthcoming to them. Any money which might remain could be paid to Mr. Nichol, if that is your intention. However, I do not think these young people, who have worked in good faith, should be without payment. As Natural Resources is withholding the green stuff, I suspect it is up to your ministry to make payment."

Then you finally replied on October 14, Mr. Minister:

"Very quickly, I would like to bring you up to date on this matter. Mr. Nichol's company, Nichol Landscaping and Haulage, received in late August the final payment, \$45,241.10, owing to them by my ministry for the contract plant in the Chapleau district.

"Unfortunately, this company was penalized for some poor-quality planting during the plant. However, this was done only after long discussions had been held between Mr. Nichol, his field supervisory staff and the field staff of the Chapleau district. Mr. Nichol did have an opportunity to question these penalties by having an independent assessment done by a registered professional forester which, to my knowledge, has not been done. Therefore, all moneys owing to this company have been paid by my ministry.

"It is unfortunate that some or all of his workers have not been paid for their work during the plant but as you can see, my ministry is not in a position to pay the workers who worked for Nichol Landscaping and Haulage. It is now up to Nichol Landscaping and Haulage to arrange payment

for all outstanding bills owing as a result of his contract work with this ministry."

There are two points I want to make. The first is that I can see in a strict contractual sense why your ministry is taking the position it is. However, I suspect it puts your ministry in a very bad light with many young people in this province who make the assumption they are working—and they may be making the assumption erroneously—for the Ministry of Natural Resources in that general sense that they are out there planting trees and they knew a job was being done for Natural Resources. I think a lot of young people who get burned in this way (a) will not have a very high opinion of Natural Resources and (b) may not be enthusiastic about working on tree planting in the future.

The second point is that it is imperative for the ministry, when it subcontracts like this, to ensure that the contractor can carry out the job adequately. I think there has to be a lot more realism about the capability of the person it contracts with and a lot more realism about the terms under which the contract can take place.

Mr. Martel sat down and did some figures he has given to me and, according to him, they expected a student to plant 21,000 trees in seven days. Given a 10-hour day that is 300 trees per hour and five trees per minute. His comment is, and I quote, and I just underline it even more emphatically than he has done in his quiet unassuming way: "If this is the case, no wonder we have a problem with regeneration and reforestation."

If you expect those 21,000 trees to survive at that rate, then the figures I mentioned about regeneration that you have actual treated are even doubled by this example. I would be very curious to know whether that contract you let, which you are obviously counting as area that was regenerated, you count it in your figures as full regeneration when you withhold the money from the guy because he has not done the job adequately in the first place.

**Hon. Mr. Auld:** I presume that if we do not pay all the amount because it was not properly planted, we would not count it as fully regenerated.

**Mr. Foulds:** I would like to have a specific answer.

**Hon. Mr. Auld:** I cannot give it to you this morning.

**Mr. Foulds:** No, I do not expect it this morning.

**Hon. Mr. Auld:** But you see the dilemma. I am not aware of the details of how many people bid on the job and that sort of thing. Obviously, if we had a holdback, it was not sufficient. It was probably the amount that we penalized the contractor for poor work. The real problem to me is that as a public agency we need an awful lot of very good reasons such as poor previous experience, before we turn down somebody who is the low bidder.

If there is a furrow, I think I might be able to plant three in a minute—I do not know about five. But it may well be that others with a machine would plant ever more rapidly. I am not an expert in planting. Perhaps, Al, you know something about that.

In effect, we would be paying twice for something and, as a servant of the taxpayers—I have a pretty good idea of what the provincial auditor would say about it, to start off with—I do not think it would be proper. It is certainly unfortunate that some of those students, or perhaps all of them, were underpaid. I do not know whether they were paid weekly or every two weeks or whatever happened, but—

**Mr. Foulds:** It would appear that payment was withheld—

**Hon. Mr. Auld:** If somebody was owed \$800, it sounds to me as though the payroll did not come around very often.

**Mr. Foulds:** Not until the job was completed, it sounds like.

**Hon. Mr. Auld:** If that were me, that could have been a great learning experience.

**Mr. Foulds:** A very expensive one.

**Hon. Mr. Auld:** I would always want to be paid daily after that. Seriously, I have very sympathy, but I think you can see the dilemma in which the ministry is placed. You have contracted in a proper way. This happens, I suppose, in road construction as frequently as other things, where the sub-sub does not get paid and has to go to court. The only recourse for these students, the amount owed was within the limit, would be to go to the small claims court, where it is not costly to collect.

**Mr. Foulds:** I suspect there is more than one of your contractors who has failed to meet the specifications you have outlined and therefore, from an actuarial and accounting point of view, you have withheld payment. I suspect this has happened in more than one case. I think this case illustrates and supports my contention that maybe, just maybe, it is time the provincial government itself went into a crown corporation to do some of the planting. This might be bene-

ficial, particularly in areas like this where you may not get the kind of things you want in terms of the experience and capability of the private person.

12:40 p.m.

**Hon. Mr. Auld:** For one thing: This summer, as you know, any spare people we had—in fact, a lot of people who weren't spare—were literally engaged a good part of the time in fighting fires.

I take the other approach, that if we are really going to meet the regeneration targets we have been setting ourselves, and about which you were remarking earlier, Jim, then we are going to be requiring more assistance from the private sector. Our job then will be to try to weed out in some way or other, legitimately, those who are not competent so that we can continue to use the private sector and increase our own capability.

The real problem is that publicly you have an awful time standing up in that House or sitting down in this committee and justifying not giving something to the lower bidder if you can't prove pretty carefully that person was incompetent before. I know; it has been my experience in being around this Legislature for a number of years. Just as soon as you don't take what appears to be the lowest bid, you have a hard time even when you have had difficulties with that person before. The argument then is that they have changed or improved their staff.

I can remember this problem once in Environment, where we had an engineering firm that was the low bidder on—I can't remember now whether it was a water treatment or sewage treatment project. The staff were loath to give it to the low bidder because they said they did have some pretty good engineers but three of them had left to join another firm. I said we had to give it to the low bidder and we did, and I suppose the job was done to the specs. But probably, if you worked out the cost of the amount of supervision we had to give, it was an extra two or three per cent, the difference between his bid and the next one.

**Mr. Foulds:** That, if I may say so, strengthens my argument for the ministry at least looking at the possibility of doing some of it more directly itself. If you are spending extra money to supervise the private sector, the cost begins to escalate on you. There is a balance in there. I recognize that and I recognize that you have had some good—

**Hon. Mr. Auld:** You are assuming that all crown corporations are perfect.

**Mr. Foulds:** No, I don't. In fact, I know from personal experience that especially those run by Liberal and Tory governments are otherwise. But I don't think that is a principal—

**Hon. Mr. Auld:** Let's get into the brick-works and fish marketing—

**Mr. Foulds:** You forgot the shoe factory.

**Hon. Mr. Auld:** The shoe factory. There are a whole lot of things in Saskatchewan—

**Mr. Foulds:** There are a few they did well on, though. The Saskatchewan Potash Corporation is doing very well, thank you very much.

**Hon. Mr. Auld:** Yes, because it is 50 per cent run by somebody who is trying to make a buck.

**Mr. Foulds:** It is the best argument for a mixed economy that I have heard in a long time.

The point is, I am willing to concede to you in ideological terms that in some areas some private contractors have done good work for you. I want the similar concession from you: to abandon your ideology and consider that it just may be that crown corporations, in areas where you had faulty service or poor results, might be the solution to the problem that is outlined in this case.

**Hon. Mr. Auld:** Jim, when we are short of straw, we will go into the pig business.

**Mr. Foulds:** That is not a good answer, Mr. Minister, I am afraid.

**Hon. Mr. Auld:** It is a little convoluted, but—

**Mr. Foulds:** It is very convoluted and it is not a good answer to this problem.

**Hon. Mr. Auld:** That remark is no answer to this problem, but the only answer I know to this problem is the answer I gave. I don't think the alternative is defensible; that is, to pay for work that was not done or, in effect, to pay people twice.

**Mr. Foulds:** You have to think of some better way of protecting the employees in your contractual arrangements than depending on the private contractors. Those employees are particularly vulnerable. They can carry all the days of their lives—I say this advisedly—considerable resentment against the government and the Ministry of Natural Resources. Perhaps it will be unjustifiable, in the strict interpretation of the word, but it will be entirely justifiable in terms of their perception.

**Hon. Mr. Auld:** I am really surprised somebody gets paid once a summer.

**Mr. Foulds:** Anyway, let's just leave it there, Mr. Chairman.

**Mr. Bolan:** I have just one item to raise on this vote. This has to do with FMAs and the sawmill operators in the Hearst area. You may recall, I think it was last May or June, before an FMA agreement was signed with one of the companies—

**Hon. Mr. Auld:** Before the one with—

**Mr. Bolan:** Was it Abitibi?

**Hon. Mr. Auld:** No. It was—

**Mr. Peacock:** Spruce Falls.

**Mr. Bolan:** In any event, there were several concerns expressed by some of the sawmill operators. Some of them came to me, and I sent them over to see Dr. Reynolds of the Ministry of Natural Resources. Their problem basically is that under the FMAs they could see something developing whereby they were relying exclusively on the pulp and paper industry to get a supply of saw lots.

**Hon. Mr. Auld:** Some of them exclusively, some just mainly, but they all have some third-party agreement.

**Mr. Bolan:** I am informed that this was not resolved to their satisfaction; that the FMAs were signed without any consideration being given to the sawmill operators. I would like to know why there is no protection for the independent sawmill operator whereby he is guaranteed a supply of logs, so he is not subject to the whimsical demands or positions of the pulp and paper industry, and why the sawmill operator cannot enter into FMAs themselves with the ministry.

**Hon. Mr. Auld:** There are two questions there. Ed, could you mark this to the director of the timber sales branch?

Actually the FMAs have made no difference as far as what are called third-party agreements between the sawmill operator and the pulp and paper people who go to licensed areas from which those sawmill operators are getting some certain species of wood. They continue.

The second question is that it is unlikely since most sawmill operators are relatively small. They started off small—except in the area, perhaps—and still are getting wood from crown management units, and that will continue. I suppose if somebody large enough came along and we had an area to license that is one of the problems: because of expansion in the sawmills and the pulp and paper industry, there is no spare wood around—there would be nothing to prevent it. He would operate exactly the same as



pulp and paper company except that, when he got the wood to the plant, he would make it into sawlogs rather than pulp.

Ed, could you deal in detail with just how it works?

**Mr. Markus:** Mr. Chairman, I really would be confirming the minister's remarks regarding the continuity of the third-party agreements. I see no problem in FMA holders continuing those third-party arrangements. For instance, in the case of the Hearst operators who have third-party arrangements, say, Spruce Falls, the arrangement there is that they replace that volume with chips. Of that kind of arrangement, I see no problem in the company wishing to continue. I think they even stated that.

1:50 p.m.

**Mr. Bolan:** Is there anything in the agreement, though, that makes it mandatory for the pulp and paper industry to negotiate these third-party agreements with the sawmill operators? As I understand it, technically speaking, they could be cut off tomorrow. Technically speaking, there is nothing to require the pulp and paper industry to enter into these third-party agreements with the sawmill operators, and they are dependent on that source of logs for their own operation. What protection do they have?

**Hon. Mr. Auld:** The only protection they have is that the minister can direct that certain species and certain quantities should go to a certain operator. There are occasions when that has been done. By and large, a sawmill operator is dependent on a licence to cut in crown management units, where I guess most of them started. As they expanded, there just was not sufficient wood in crown management units and third-party arrangements came about, plus private purchases from people who own a bush. In the Hearst area, at least two of the operators have bought wood from Algoma, which has, as you know, very large limits going back many years of freehold, from the Sault and on a long way.

It is not that there is no guarantee—and never has been, as far as I know—that a third-party agreement would carry on forever. There may have been time limits and quantities specified in some, years ago. There may still be some I do not know. But in most cases it is really an agreement between the sawmill operator and the pulp and paper company, and we only get involved where there has been a dispute. That is not very often.

**Mr. Bolan:** On that point, though, do you have any kind of—

**Hon. Mr. Auld:** I met with the Hearst operators again six weeks ago in Hearst. That was not a major problem at that time. Wood—just getting wood—was the problem, because of their modernization and expansion and trying to run the mill on more than one shift.

**Mr. Bolan:** But you do not have any policy you would use if a dispute arises?

**Hon. Mr. Auld:** The allowable cut is one thing. Ed, will you explain just how this works? There is an allowable cut. If somebody is not cutting it, we want to know why, because it is going to be overmature.

**Mr. Markus:** If you are referring to the FMAs, there is a clause in every FMA that says, if the FMA holder is not utilizing a full allowable cut for himself, he has two choices: to arrange with some other party to cut it—this could be a nearby sawmiller—or to declare it surplus to his needs. If he declared it surplus, the minister then might direct that wood and I believe would review the wood requirement situation in the area particularly in regard to local sawmills.

You were asking, Mr. Bolan, whether the ministry has a policy of directing wood from large pulp and paper licensees to these independents on the list. I am not aware of anything written, but I might review for you the fact that, within the past 10 to 15 years, fully half of the volume that is now being utilized by the independent sawmills has come from third-party agreements that have been directed or bilaterally agreed upon by independents in the big pulp and paper companies or by the ministry's withdrawing areas from the pulp and paper industry and making it available.

I see there a very definite thrust in what this ministry wishes to do there. As for written policy, I do not know of any.

**Dr. Reynolds:** Mr. Bolan, there was one other additional item that I might mention in case it is missed. Part of the concern of the private operators you were talking to, who later came to see me, resulted from a misinterpretation of one section of the FMAs which provides for not more than five per cent withdrawal in the future. The reading perhaps was not close enough for anyone to realize that it referred to withdrawal for nonforestry purposes, such as parks. There was some concern that this might mean withdrawal for third-party agreements. Once that was explained to them, the main element of their concern disappeared.

Vote 2504, item 2, agreed to.

The committee recessed at 12:56 p.m.

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No. R-44

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Wednesday, November 12, 1980

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, NOVEMBER 12, 1980

The committee resumed at 2:08 p.m. in room No. 2.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** I take it that it is agreed to meet tomorrow morning in room 228 from until 10.

Agreed to.

On vote 2504, resource products program; am 1, mineral management:

**Mr. Bolan:** As I indicated after we closed this morning, I would like to address myself to the question of exemption orders under section 113 of the Mining Act. Primarily what I am going to be asking you is, what is your policy in granting an exemption order and what do you take into consideration when granting such an order?

However, along the lines of the granting of exemption orders, I would like to discuss with the minister some of the problems which have arisen in Cobalt as a result of an exemption order granted in July 1980. I suppose the best way to start is to read an editorial from a newspaper in northern Ontario, the North Bay Nugget, of November 4 1980.

The heading on the editorial reads, "A Bad Decision for Cobalt, a Very Bad Move for Canada." I would like to read this into the record because I think it sets forth many of my own concerns about the granting of exemption orders and the policy which this government seems to have towards this. The editorial reads as follows:

"When does responsibility to shareholders and employees become more important than social or community responsibility? The answer would seem, and reasonably enough, when being a good citizen costs too much money and a company's financial position, and with it the company's future, is threatened by policies weighted too heavily in what might be thought to be the public interest.

"A company has to make a profit to survive and to keep its employees working. When that profit margin is threatened because of essentially altruistic commitments, then harsh decisions have to be made.

"In deciding to ship ore from its Silverfields mine at Cobalt to a refinery in Sweden, the Teck Corporation has indicated that it was motivated by its responsibilities to its shareholders and employees and the prospect of extra revenue.

"In making this decision, the corporation has put the economic boots to the Canadian Smelting and Refining (1974) Limited (CSR) plant at Cobalt and the jobs of some 40 people are threatened.

"Teck has denied suggestions that last year it made \$10 million in profit from its Silverfields mine. The figure came from an official at the refinery, who based it upon operating costs at the Canadaka mine, which is associated with the refinery, and presumably from knowing how much silver was put through the refinery at Teck.

"Teck's decision is alarming from a number of points of view and does not show much consideration either for the community or the other mines in the area. It might also be said that the provincial government's decision to allow an exemption to the mining regulations and permit the exports also shows little consideration or understanding.

2:10 p.m.

"Historically, the Cobalt area mines have experienced difficulty getting their highly arsenical ores processed. There have been at least three refineries started and then closed in the area over the past 30 years.

"All used the traditional method of roasting the ore. Arsenic vaporizes when subjected to high temperatures, then precipitates as a white powder, arsenic trioxide, when it cools. Controlling these vapours and collecting the dust has always been a difficult and expensive problem. And it is for this reason that environmental laws have been toughened across North America, almost outlawing roasting of arsenical ores, except under the most stringent conditions.

"CSR developed a hydro-metallurgical or wet method of refining which largely eliminated the pollution problems. More recently, it has developed a process of separating the cobalt metal as well as the silver from the Cobalt area ores. More important, it has discovered how to convert the arsenic content to industrially useful arsenates.

"Cobalt metal is of considerable strategic importance, particularly as traditional supplies from Africa have become uncertain.

"The decision to allow exports of Cobalt area ore is not in the best interests of Canada nor the United States. In a crisis, we should not have to rely upon supplies from foreign refineries. It is short-sighted, as it will prevent the development of an important new technology. It is irresponsible, for if the CSR closes, where will the other mines in the area get their ores treated, or must they export too?

"It is immoral, for we are exporting pollution at the same time we have the capacity to treat the ore without causing pollution.

"And there are some nasty implications of a squeeze play on the smaller, independent mining companies in the area. If CSR is knocked out, will we see them forced to ship their ore to a refinery yet to be built in the United States or Europe, and will they then be able to maintain their independence?

"As for Teck, it may or may not have made \$10 million profit, but it would appear that they are making a healthy buck. And the company does have a responsibility to the Cobalt camp and to Canada.

"It is, of course, unfortunate that the Ministry of Natural Resources, which permitted the export, seems to be incapable of looking at the broad picture.

"If it pays to close down CSR because a foreign refinery can do the job cheaper where arsenic controls are not so strict, perhaps the Sudbury smelter should be closed down and we could export some more pollution.

"Teck should give more thought to the future of the community. The Ministry of Natural Resources should show more foresight. And, apart from parochial interests, the importance of cobalt as a strategic material being refined in Canada should concern our national government."

There was another article in the same newspaper, and I will refer to that later. I asked the Premier (Mr. Davis) a question in your absence, and you replied two days later on the following Monday. What I would like to know is what factors do you consider

when you grant an exemption order, and what are the criteria you look at?

**Hon. Mr. Auld:** There is quite a variety of factors. Obviously, there is the effect on the industry first of all, and whether it is feasible, and can be done in this country. I should have prefaced that by saying that Ontario has the highest percentage of processed-in-Canada ore production of any of the jurisdictions in Canada.

Perhaps the best way to deal with this, because it is a little complex, is to read some excerpts from letters I have written to people in the community who have been concerned about this and also to read part of what I have written to the principals of both Teck and CSR. I will not read it all, but I think I can put it together in a better sense.

"Teck has been granted an exemption from the provisions of section 113(1) of the Mining Act. This exemption is with respect to their flotation concentrates only and is on a temporary trial basis for one year from July 1, 1980. The effect of the exemption is to allow Teck to ship only those flotation concentrates to a European refiner for the limited time instead of to the Canadian Smelting and Refining at Cobalt, which has hitherto enjoyed an almost exclusive market position and claims it must continue to have that market position to survive."

At this point I want to stress that Teck still ships its bullion and its gravity concentrates to CSR.

**Mr. Bolan:** Mr. Ginn, the vice-president of CSR, told me he found it quite ironic that after the minister made the statement in the House that Teck was shipping its bullion and the other type of ore, the very next day CSR received a telephone call from Silver fields, asking if they could ship the bullion and the other type of ore to the smelter. They had not heard from them for some time when all of a sudden, they had a call asking, "Would you take it?" and they said "Naturally, we do."

**Hon. Mr. Auld:** All I can tell you is that it had not been shipped out of the country. I suspect it had been stockpiled—departing from this for a moment—as Teck did for some period of time after they had shipped a good deal of concentrate to CSR and CSR had not been able to process it. There was some concern expressed by Teck that they had a good deal of money tied up in ore which was not being processed.

**Mr. Bolan:** The bullion, incidentally, was usually shipped to the Timiskaming testing laboratories.



**Hon. Mr. Auld:** It is my understanding it is going to CSR at the moment.

**Mr. Bolan:** As of the date you made the statement in the House?

**Hon. Mr. Auld:** The power of the spoken word is incredible.

**Mr. Bolan:** Especially when it comes from the minister who grants the exemption order.

**Hon. Mr. Auld:** To continue reading: "I understand and appreciate the concern of the employees of the refinery who may feel their jobs are in jeopardy because of this exemption and who, as a result, feel that rescinding the exemption would allay their concern. The fact is that this whole unfortunate situation arises basically from disagreement between the silver mines and CSR over substantial increases in charges which CSR has levied, which CSR feels it cannot negotiate, which are considerably in excess of those applied elsewhere in the world and which deny to the mines which are Canadian-owned and operated realistic payment for their silver, especially the silver contained in the flotation concentrate."

"Over the past two years, officials in my ministry and I have initiated various attempts to mediate in the disagreement but, unfortunately, matters came to a point where the government had to make a decision. Regrettably, there is no decision that will satisfy both parties. The apparently simple solution of rescinding the Teck exemption is almost certainly not the best one. First of all, there is no onus on any producer to provide any of his production to any processor or purchaser at all. It is, therefore, not true to assume or imply that denial of or rescinding of an exemption ensures that an exemption afforded to a mine under section 113 automatically ensures that its production will be made available to CSR."

"In the current situation, I am advised that the mining companies might, as one of them already has in the past," as I mentioned, find it expedient to stockpile their flotation concentrates in anticipation of a better future, rather than to release them now to CSR for returns considered by the companies to be unrealistic and low."

"A further possibility, should the exemption be rescinded, would be for the mine to discontinue operation. Also, CSR's process appears not to be competitive with those of certain refineries in Europe," as Mr. Bolan mentioned. "CSR acknowledges this and has itself applied for and been granted a section 113 exemption, also on a temporary trial basis, to allow its flotation concentrate pro-

cess residues, which still contain 80 to 100 ounces of silver per ton, to be sent to a European refiner for processing."

As was mentioned, "Because certain impurities in the original ores, including arsenic and mercury, remain in the concentrates and residues, older established Canadian smelter refineries which have been faced with stringent emission controls are unable or unwilling to offer their processing services. This further entrenches CSR in an exclusive market situation."

2:20 p.m.

"The primary concern of the government is to achieve optimum long-term benefits for the people of Ontario in general, and of Cobalt and district in particular, from the natural resources. Achievement of overall maximum benefits does not follow from a blind insistence on domestic processing."

"I think the issue for the government is whether maximum long-term employment opportunities in Cobalt are achieved by assuring efficient operating mines the fundamental right to free market access for their flotation concentrates, or by denying it to them so that they must stockpile or be forced to close down indirectly or indirectly be forced to subsidize an operation that after six years is still not competitive or profitable."

"In the latter situation, we can expect that the mines would have to mine only higher grade ore in order to remain operating at all. We can expect a lack of revenues to finance continued mine development. We can expect a consequent premature shut-down of the mine and of CSR soon after. We can expect a loss of confidence by the industry and discouragement of the new mining exploration that is getting under way in the area. All of this would result in a loss of valuable mineral production, more extensive unemployment in the area and a chain reaction that would impact on the whole economy."

"What we have done in essence, therefore, is to provide both Silverfields and CSR with the exemptions they requested, but on a temporary trial basis only, so that the facts, rather than conjecture, will be used in determining the overall benefits likely to accrue in each case. I am requiring each party to present me with a report and with a review of their progress at the end of this calendar year," which is in another seven weeks."

I might say in addition that this ministry financed a study by the Ontario Research Foundation of a cobalt circuit, which I understand has now been put in process. I

think it would be helpful to the committee if Mr. George Jewett, the executive co-ordinator of the mineral resources group, were to speak a little further on this inasmuch as we held a seminar at Cobalt on mining, and particularly on this situation, a week ago today; this is the reason why we are dealing with these estimates today. I believe he has some further information regarding that cobalt circuit.

Mr. Bolan is right in that this is a mineral in demand in the aerospace industries and other places, and there is certainly a market for cobalt. The problem with cobalt is even worse in terms of emissions; in extracting cobalt the problem with emissions is even greater. I understand that the regulations, both our own and those of Environment Canada which allow no emissions, just are not feasible. That means that even if the baghouse is working perfectly, if there is a hole in the bag and there is an emission for a short period, they are not in compliance and would be liable to various punishments.

Mr. Jewett, could you expand on what transpired?

Mr. Foulds: Excuse me, didn't CSR indicate it had developed some kind of closed circuit system?

Mr. Bolan: I have something on this as well, but maybe Mr. Jewett can give us the information.

Hon. Mr. Auld: That is the one I mentioned that was developed by the Ontario Research Foundation at our expense to assist CSR actually and the processing industry and the mines in general.

Mr. Jewett: If I might just comment, Mr. Chairman, the ministry has been following the situation in Cobalt and the future of Cobalt for many years with some concern. The reason for this is the declining production of silver from that camp, in spite of the increase in prices. Since 1966, the annual production of silver in that camp has dropped from something in excess of five million ounces a year to just around a million ounces a year. In fact, in 1976 it dropped down to about 800,000 ounces.

It appears that for a whole variety of reasons the camp was having difficulty in producing the tonnage to meet mill feed. Although there were three mills operating in the camp, all of them had difficulties. We saw there was a possibility that if a process could be developed not only to extract the cobalt, but to extract it economically and to pay for it, there might be some hope and some stimulation for further exploration

and development in Cobalt which, incidentally, would discover and lead to greater silver production.

In 1978, this caused us to fund a very modest project to look at the available process technology that could chemically extract cobalt from arsenical ores. After reviewing our study with the Ontario Research Foundation, we suggested the possibilities could be reduced to two. We had bench-scale tests run on two processes, one of which, the sill process, they recommended as having the best potential.

In the process of funding this, we asked the private sector, CSR, to participate with us in the research review committee. In other words, we asked them to follow the progress in the research, which they did. We then funded some further work on their suggestion. They took the process back and built a pilot plant in Cobalt which was supposed to have been in operation last February, but which first operated, I understand, last October. This is a power facility which has a capacity of five tons per week of feed.

We were delighted to hear that this process has considerable potential; the early results were very favourable. Accordingly, we regard to the silver production and the need to see what could be done in Cobalt, we convened a session in Cobalt last week, at which we invited all technical experts in the area to discuss their plans and problems. What came out of that session, as far as I can summarize it without referring to any notes was that, first of all, the silver production is declining and some of the mines are very seriously concerned about this. Second, a mines have known reserves of cobalt which they have not considered for extraction. Third, again with representation from a senior person from the Ontario Research Foundation who had followed the problem and picked up the interest in our work, it was found on further study there were other processes that ought to be considered. In the event, an economically sized plant would require a production of something in the order of 40 tons per day of feed.

We are not in a position to say categorically there is that much there, but there is reason for believing that if all the mines in that camp were to get together co-operatively and support a joint facility, there would be enough known cobalt ore to build and pay for such a plant over a five-year period. It was clear to me at least, that the problem is there is not a great deal of co-operation in that camp. There is a great deal of confrontation. With out a common objective, it is very difficult

the government to force somebody to extract something on promises.

2:30 p.m.

At this particular time, all we have from CSR is a vague intention. In the process of reviewing their submissions this fall, we hope to see if in some way we can develop a basis for an agreement or for the building of a facility that would be commercially sound and competitive worldwide. If a subeconomic facility is built, it is difficult to predict any long-term strength or operating life for it. It is purely an attempt to take the long-range view and to establish in that camp a commercially sound cobalt extraction facility that has led to the accusations you have read in the press.

Mr. Bolan: I would like to ask you a question. In 1979, Teck shipped their concentrate ore to CSR. Is that right?

Mr. Jewett: After they had held it and refused to ship it for the first six months in 1979.

Mr. Foulds: Teck refused to ship it?

Mr. Jewett: Absolutely.

Mr. Foulds: Because of unsatisfactory service?

Mr. Jewett: Yes.

Mr. Bolan: But they did enter into a contract with CSR, as a result of which Teck shipped the larger part of their flotation concentrates to CSR in 1979. My information is that CSR paid \$11,874,527 to Teck. This would be their part of the contract; that is what they paid them. In 1979, Teck applied to the ministry for an exemption order and was turned down. When you considered a new application by Teck for an exemption order, which was subsequently granted in July 1980, did you look at their books?

Mr. Jewett: No.

Mr. Bolan: Why not? Do you not think you should look at the books of a company which is looking for an exemption order when it is saying it is not getting its maximum return on its dollar?

Mr. Jewett: We looked at other information that established that point.

Mr. Bolan: What was that information?

Mr. Jewett: It was an agreement with a custom buyer of silver ore to buy the material at prices which were in excess of what was being offered by CSR by about \$2 an ounce, believe.

Mr. Bolan: I can understand the point being made that a mine has to make a profit or otherwise it is going to close down. The

minister has said himself that one of the options open for Teck is to close down Silverfields. But at what point does that happen? Has the ministry looked into that to determine whether Teck would have closed the Silverfields operation if the exemption order had not been granted, based not on what they may have told you but on dollars and cents?

Mr. Jewett: We looked at their ore resources. At that time, they had something just slightly in excess of two years of ore reserves. I believe it was our opinion that they were serious in their concern over their revenue. We are aware, at this time, that their proven ore reserves are something in the order of 18 months. That was stated in Cobalt last week. We are instituting a thorough review of not only the reserves of that mine, but of all mines in that area as part of this review process in which we will gather all the facts and look at them.

Mr. Foulds: What puzzles me is that you granted the exemption before you had looked at all the facts.

Mr. Jewett: We thought we had.

Mr. Foulds: I think Mr. Bolan's question is a legitimate one. Exactly what facts did you look at?

Mr. Jewett: We looked at the smelter tariff that had been offered to Teck from both CSR and a New York buyer. One paid substantially in excess of the Teck rates for silver and, I believe, paid for copper and for some other metals in the ore.

Mr. Bolan: Probably cobalt.

Mr. Jewett: No, I do not believe it was cobalt.

Mr. Bolan: Obviously, if you compared both figures, you felt that Teck could maximize profits by going with the New York buyer rather than staying with CSR. The only inference which one can draw is that your policy for granting an exemption order in this instance was to allow a company to maximize its profits and not to consider a domestic, local, secondary industry.

Mr. Jewett: In part, yes, but you should recognize that it is the profits made on those operations which provide incentive to spend money and find more ore reserves. That camp has gone along now on hope for longer than we have been alive. The motivation for that hope is the profits they make. If these profits are properly turned into exploration, companies then take wild bets like Teck is taking right now in going into the silver summit, spending money in the



pure hope that they are going to find silver veins. If they find more silver veins, CSR will stay open another year past the year and one half they have in front of them. That was part of the problem.

The other part of the problem was that the agreement to ship to CSR in 1979 carried with it the undertaking that CSR would pursue aggressively a process to extract and pay for cobalt. In fact, it was part of their agreement that, of the material shipped in 1979, if there were any eventual cobalt extraction the company would be paid for it. Part of the commitment was that they would proceed aggressively and put such a test facility in place by February. In fact, the facility was not in place in July.

Mr. Bolan: That is when you gave the order.

Mr. Jewett: Yes, sir. Interestingly enough, the facility is now in place.

Mr. Foulds: Are you going to rescind the exemption?

Mr. Jewett: I cannot answer that question.

Mr. Foulds: How long is the exemption for?

Mr. Jewett: One year.

Hon. Mr. Auld: As I mentioned a moment ago, it is for a year starting July 1, 1980, with a review with both CSR and Teck around December 31.

Mr. Bolan: You also gave CSR an exemption order to ship the residue left after the concentrates had been put through the refinery, which makes good sense. But then they had been turned down earlier. What was the reason for turning them down originally?

Mr. Jewett: They were turned down for a technical reason based on the fact that the exemption is granted to the owner of the lands.

Hon. Mr. Auld: This was a whole lot of people.

Mr. Jewett: What was contained in the exemption was an explicit direction for them to talk to their shippers and to develop a common approach. It was an attempt to try to get the people working together. It did not work.

Mr. Bolan: You subsequently gave them an exemption order. I presume you are aware of the fact that they have never used that exemption order.

Mr. Jewett: I am not aware of that.

2:40 p.m.

Mr. Bolan: The reason they have not is that when they went overseas and looked at

the refinery to which the residue from their refinery would be sent, they saw that pollutants were being entered right into the sea. CSR, being such an environmentally conscientious company, said, "No, we are not going to ship our pollution." Yet the ministry comes along and pulls the rug from under their feet by taking away their main source of feed which is Teck Corporation. That is the one that really bothers me. And I am sure it bothers you as well.

I realize you want to respond to this but, if I may, I just want to put down here a couple of other remarks which appeared in the North Bay Nugget. This is under the date of October 28. The plant manager was being interviewed. It says: 'This story has never been told before. In fact, plant manager Art Martel has put his job on the line by revealing it to the Nugget. An American, he likes Canada and heads an all-Canadian team.'

"What's going to happen is that we could take the technology and build a plant in the United States at half the cost. The Cobalt mines could then export their ores to Sweden or Mexico, or wherever they do not mind polluting the atmosphere, and one day they will be right back to where they were in 1976, with no one willing to process their ores,' Mr. Martel said."

The article goes on to say: "CSR realized that if it could come up with a process that would extract the cobalt from the area's silver-bearing ores, it would double the potential for local mines. In fact, there are now at least three mining companies in the area developing properties, including an Australian company, while the established companies are rapidly expanding.

"During the past few months, CSR has spent some \$220,000 on its experiments. If it can go ahead, Mr. Martel predicts an expansion costing up to \$5.3 million that would provide close to 30 new jobs and would, in effect, extract everything of value from the local ores, without causing pollution and assure the mines of a permanent market."

The point is if these people are going to go ahead and get into this kind of project, they have to have a reliable source of feed. How can this be guaranteed them when the ministry is going for exemption orders?

Hon. Mr. Auld: As Mr. Jewett just mentioned, we did not grant one originally, but nothing happened. There was no action apparent on the new circuit. The ore was piling up. The profits were not being realized. I may say I met jointly and together with both Dr. Ginn and Mr. Hymus from

Teck. It was apparent it was going to be a long, drawn-out affair.

There are other things that could have happened. Dr. Ginn told me if they did not have this feed, all the feed rather than just the gravity, they were going to have to close down. I said, "Well, what will you do if Teck, who have threatened to do it again, just stopped shipping to you?"

Mr. Bolan: They have no place else to ship.

Hon. Mr. Auld: They can stockpile it.

Mr. Bolan: They can stockpile it but, when they have done that they have to ship.

Hon. Mr. Auld: Then all they have to do is wait until CSR closes.

Mr. Bolan: But if they know the ore will eventually be shipped to them, that is a different thing altogether because it is the only place in North America which has good pollution control and equipment. I cannot understand it.

Hon. Mr. Auld: From the discussions I had with the principals and reports I had from my staff who had discussions with the principals and others, it was apparent to me perhaps my judgement was wrong—that the only way to try to reach a solution—I am not sure we will reach one this way; we may wind up with no exemption for Teck—as to get them to try at least to get that cobalt circulated because nothing was happening after, as Mr. Jewett said, an undertaking or two undertakings. You fit it in and approve the return, not only to Teck but to the other people for that cobalt.

Mr. Bolan: Mr. Jewett, what are you going to be looking at seven weeks from now when you sit down to review the performance, I presume, of Teck in relation to its retention?

Mr. Jewett: You have asked for the general criteria and I will give you those in a moment. What we are going to be looking for is, hopefully, the answers to specific questions which I put in front of the session last week, that is, whether it is possible to achieve that camp not a five-ton-a-day facility, but a 45-ton-a-day facility. The interesting situation is that one company, CSR, may have the technology. It certainly has the small plant. It has the start of it. It does not have the ore.

There is another gentleman who hasn't come into the exercise, Mr. Paul Penna. His company has most of the ore reserves in that camp. He has the ore, although there is criticism for believing there is enough cobalt in the Canadaka mine alone to support

this small production. It is an economic problem. One other company in the area is interested in opening a mine and has a long-term market. It would be prepared to take and pay for at least 30 tons of cobalt a month.

What we are hoping for is the opportunity to put those three elements together and achieve one commercial facility which, if it could operate on the ore reserves now known, would be written off in five years. It would then be a commercially feasible operation which would go on for years after. We believe that the first such facility, whether built in the state of Washington, or somewhere else in the United States or here, is the one that will continue as the custom facility. We are trying to see if that facility can be established in Cobalt on some technically and commercially sound basis, but it isn't going to be established on the basis CSR has proposed so far. If I could, I will read you the basis for the exemptions. This is from one of our publications:

"From the time of the passage of the original version of section 113 in 1917, it has been recognized that passage of a law does not automatically make economic sense out of economic nonsense and that, in some cases, 100 per cent processing in Canada is not a sensible objective. Provision was therefore made for exemption by order in council. The exemptions currently existing were obtained for one or more of the following reasons:

"1. where no further processing facilities exist in Canada and the benefits obtainable appear to be too low in relation to cost to justify construction;

"2. where inadequate further processing capacity exists in Canada and funds for construction are not available at this time;

"3. where inadequate further processing capacity exists in Canada and ore reserves are insufficient to justify construction;

"4. where quantities of semi-processed material exported are too small to justify construction of a Canadian processing plant;

"5. where the semi-processed material is not acceptable to Canadian further processors due to impurities which interfere with refining of other metals and quantities involved are insufficient to justify modifications to Canadian plants;

"6. where the semi-processed material is not acceptable to Canadian further processors due to impurities causing environmental pollution and quantities involved are insufficient to justify modifications to Canadian plants;

"7. where foreign customers are unwilling to accept fully processed material and able to obtain their requirements from other sources if denied Ontario supplies;

"8. where export of semi-processed material is necessary until new Canadian plant construction now in progress is completed."

Mr. Foulds: I have two questions about this that puzzle me. It is Mr. Bolan's presentation, and I don't want to detract from that, but you say the ministry's hope is basically for a big commercial, economically viable, custom operation. That seems to me a valid objective. What I don't see from the discussion so far is how you expect that to be achieved by the moves and pressures you are presently undergoing. In other words, it seems to me it would take some additional initiative, or some firm commitment from the private sector for some initiative on behalf of the government in terms of investment. Maybe you could answer that.

2:50 p.m.

Just as a matter of curiosity and because it came out when we were discussing iron ore and iron ore reserves last year, I will ask you if you have actually measured and done an independent survey of reserves of both the Silverfields mines and the other, or do you simply take the word of the company involved? It seems to me that a company cannot may not, and I am not making that charge—string you along year by year and say, "It is economically necessary for us to have this exemption because we have only this much reserve."

I suppose my final point is one which always bothers me. During the discussion of section 113, whether it be in legislation or in estimates debates, the policy seems to be not to enforce section 113, but to grant exemptions. The exception is when you refuse to grant the exemption.

Hon. Mr. Auld: I think that is primarily because the industry knows very well that we grant very few and, through unofficial inquiries, they know they are going to be turned down and don't make a formal submission. I have been told that by people in the industry. I am in casual conversation and somebody says, "We could just develop this, if—." I say, "Have you checked?" They say, "Yes, we have checked." I say "I don't recall any application coming to me." They reply, "No, we were told it would not be recommended." I say, "You might try me anyway." They say, "What do you know about mining?" I say, "You have me there."

I know enough about mining so far, though, to know that a lot depends on the

price of the product. That is what has happened in the precious metals field in northern Ontario; a number of operations are being reopened. This leads me to Teck and perhaps some other mines. Silver is about US \$26 the moment.

Mr. Bolan: About \$20.

Hon. Mr. Auld: I guess I was thinking last week. If it gets back up to \$40, I assume there is mineral in the ground in Teck which would become ore if it could be mined at profit. If it goes down to \$10, they may not have six months' supply.

Mr. Bolan: Don't you think, in determining whether an exemption order should be granted, that you should look at the books of the company? What is wrong with looking at the books? They are the ones who seem to be determining whether it is a profitable venture. At what point does it no longer become profitable? Is it after they have made 20 per cent return that year or is it 30 or 40? Where does it come in? What is the kick that activates that?

Maybe you are doing this. Do you make your own assessment of the ore reserves, do you just take the logs which they have from their diamond drilling reports and compare with your own figures?

Dr. Reynolds: As you know, we certainly don't do any drilling.

Mr. Bolan: I realize that. But do you rely on the results of their drill reports yourself rather than relying entirely on what they say?

Dr. Reynolds: We do, but I have to say that it is a tender area. I think we have, without exception, a very good relationship with the companies, which entrust us with the opportunity to examine their data on that sort of thing, but it has to be on the basis of a great deal of confidentiality. Obviously, whether this information is good or bad, to dispense it at all would possibly have a detrimental or adverse effect on the market, for example, or on their ability to raise capital and so on.

The best we can do, and we do it extensively, is to have Mr. Jewett's staff examine the data available, and most is available to us but, with great respect, it is not the sort of thing which lends itself to exposure here.

Mr. Bolan: I will buy that. In arriving at your assessment of whether an exemption order should be granted, should you not look at it yourselves? Keep it confidential naturally, as you have to have confidentiality where corporate records are involved.

Dr. Reynolds: We do that.

Mr. Bolan: You do?



**Dr. Reynolds:** Yes, we do.

**Mr. Bolan:** I am not asking for the figures.

**Dr. Reynolds:** If you would, just accept my word for it, we do that. Everyone thinks we does not do anything blindly, but we are convinced we are not blindly accepting anyone's data on this.

**Mr. Bolan:** I hope that is our conviction when we have had a hard long look at it because Cobalt is very dear to my heart, having been raised there, having worked in the mines myself and having seen the mines close and open and close and open again. It is probably the tragedy of the 20th century as far as mining communities are concerned.

**Dr. Reynolds:** Fortunately, the upswing that we have seen over the past few years has meant a very real extension of the life of these mines. The value of cobalt itself has had a major impact. We think if some of the co-operative aspects on which the minister and Mr. Jewett have both touched could be brought into play, it could be extended somewhat longer; I don't know by how much. But you are quite right when you talk about the uncertain future of the silver veins especially. Frankly, we see the same thing in gold; chasing gold veins has been even more uncertain. We have seen a very favourable upswing in prices, which is bringing on vast increases and the reworking of fine tailings.

We have all had the feeling that the rapid escalation of gold prices could be followed by a decline of about the same rate. I suppose what has happened with silver has led to further uncertainties. There does seem to be a stability. The fluctuations in price are within fairly narrow limits now, and we hope we are at a new level which has some stability. If it does, I think many of those areas will have not only a longer future but a more productive future in the next few years.

**Hon. Mr. Auld:** There are new photographic films now being made without silver, interestingly enough, since the price got high enough.

**Mr. Foulds:** There are just two related matters I want to tie up because it looked like Mr. Jewett was going to respond to my question about some major initiatives needed to achieve the laudable objective of the 35-ton custom facility. Are there any concrete things in the works along that line, under either the present management or some new consortium?

**Mr. Jewett:** Mr. Chairman, beyond the minister's request for full substantiation,

which would include much of the cost and profit information mentioned by Mr. Bolan, we have initiated a specific study of the reserves of the Cobalt camp.

**Mr. Foulds:** The entire camp?

**Mr. Jewett:** The entire camp. The problem came out last week when some of the managers said, "We don't know what our reserves are." I believe that is correct. Our reserve estimate will not have the same accuracy and detail that we had for, say, the zinc and nickel mines of this province because of the fundamental erratic nature of the mineralization. But we are aware that for many years cobalt veins have been observed in the workings and never mined. What we want to do primarily is to gather up the extent of that knowledge.

We don't believe we are going to add very much to the knowledge on silver reserves because the veins are so erratic and any silver vein that has ever been seen has been taken out. We are on a comprehensive basis going to try to get an evaluation which we can then put in front of the companies and say, "Now there is the amount of cobalt. It is there." One of the things that has been stopping it up to now is that nobody has really admitted that there is enough there to justify a plant. We hope to have those numbers by the end of the year.

**Mr. Foulds:** That is one of the things you will be looking at in December?

**Mr. Jewett:** That is right.

**Dr. Reynolds:** Mr. Foulds, you have referred to chicken-and-egg situations, and this is really one of those. With an uncertain market, an uncertain price structure or uncertain processing opportunities, the mines understandably cannot spend as much money on these developmental activities as they would with a stronger market. In other words, there is not as much forward drilling to test reserves, so they are working much more on a hand-to-mouth type of operation, which is regrettable. To make a comparison with gold, happily it has happened that gold mining concerns have been able to do forward drilling, exploration and development work because of a strong market. Would that there were the same sorts of opportunities and price in silver. With a combination of silver and cobalt in the Cobalt area to co-exist, we think this has some promise.

3 p.m.

**Mr. Foulds:** I would like to deal with the first item I have under this vote, then leave the floor to others and come back to a couple of other areas tomorrow. I don't know how

familiar you and your staff are with the brief the Northwestern Ontario Prospectors' Association submitted in January of this year to the Royal Commission on the Northern Environment. It seems to me in that brief there are a number of useful and fruitful ideas that are worth exploring. I am struck by the fact—I guess I mentioned it in my opening remarks—that in the survey of known mineral deposits that are not being mined in Ontario there are some 376 known deposits not being mined or slated for production in 1981.

Obviously, a lot of those fall into this category of a small deposit. It isn't economically feasible for the big corporation with all that infrastructure. The couple of points I want to make initially are that it is going to be obvious that the large deposits, the large ore bodies, are difficult to find and are going to become increasingly difficult to find because, as we discover them, we run out of them in the province. Therefore, it seems to me at this time that in order to diversify our mining industry a good idea is to take a look at that small-scale mining proposition put forward by the prospectors. They mentioned in their brief, as you will recall, that initiatives are being taken in other jurisdictions—Australia, Mexico and the USA—where certain processes and some tax exemptions have been set up. I am not wedded to any sort of single technique of development here.

**Hon. Mr. Auld:** Sharing equipment.

**Mr. Foulds:** Sharing equipment, setting up a processing consortium or even portable machinery and that kind of thing. I would point out that from the little knowledge I have Mexico, India and, I guess, some mid-western US states have gone into this on a much larger scale than we have. I would like to know the government's response and what initiatives it feels it can take and should be taken in co-operation with a consortium of small businessmen and what regulation concessions it would be willing to make in terms of development of an ore body. I actually met with some representatives of the Northwestern Ontario Prospectors' Association—

**Hon. Mr. Auld:** Can I interrupt you?

**Mr. Foulds:** Sure.

**Hon. Mr. Auld:** Did you say what adjustments in regulations?

**Mr. Foulds:** Yes. For example, they are very concerned about the 21-year lease business. If the ore body is mined out in 18 months or two years—and I understand they have to continue to pay for the remainder of the lease period—it seems to them to be un-

justified in terms of an ore body that might only provide hundreds or a few thousands of tons of an ore body. When I met with them, I was surprised by the concern they expressed for the environment as well. If it was an open pit operation, simple landscaping or regrowth of forest cover would eliminate any dangers. They were quite cognizant of that requirement, and we will get into that later in this vote. Something along the lines of the rehabilitation of pits and quarries seems to me to be a reasonable process. Maybe I will stop there and wait for an initial response from your ministry. I want some response and then I want to continue on the item.

For once Mr. Jewett seems to be nodding in agreement with me, which is a rare occasion.

**Mr. Jewett:** I also met with the Northwestern Ontario Prospectors' Association about a year ago. I seem to recall I got into some difficulty there. Our interest in the ability of the small operator, the entrepreneur, to operate in the mineral fields in Ontario is long-standing. Fundamentally, one of the major reasons for the Ontario geological survey is to make certain the entrepreneur has available to him the same kind of technical skills the major companies have.

As I am sure you are aware, Mr. Foulds, a couple of years ago we did fund a couple of studies on the role of the small entrepreneur in mining which came out for two different approaches quite positively supporting this. They identified there were some problem areas. Taxation was one. Availability of processing was another. In an earlier publication of ours, we pointed to the need to have all these working in conjunction.

I believe we are beginning to put some of those pieces together. I cannot comment on what the Ontario Securities Commission will be doing, but it has a royal commission headed by a lawyer, Mr. Menzel, which is expected to report by the end of the year and which may make money available to them.

We have done something just this year with the Ontario mineral exploration program which does the same thing. This provides to the private entrepreneur or the non-principal business—that is, a company that has revenues in Ontario but is not in the mining business—the same tax treatment for exploration expenditures that the mining companies get. This means that if explorer working out of Kenora, for instance, can convince the doctor, the hardware store owner and a couple of other people in town who are in a 50 per cent tax bracket to fund them, it will cost those people no more than

25 cents on the dollar to participate in exploration ventures. This has already had a remarkable effect. We have seen that.

We are considering an initiative on providing assistance to see that custom milling facilities will be available in those centres where there is a demonstrable need or them. That program is not before the government yet. There has been some trouble.

was misquoted by the Northern Miner about it. It is purely and simply an idea which is generating and coming forward in my department. I hope it will emerge and be the light of day before the end of the year.

**Mr. Foulds:** That seems to me to be an idea that holds out great promise—

**Mr. Jewett:** I agree.

**Mr. Foulds:**—where they can have those small facilities that are required from which they can lease the service. The other thing that occurred to me is you might want to establish some kind of equipment pool. What I found in talking to them—I may have misinterpreted—is that it is not so much a problem of exploration, although the addition of that is useful. The problem is they know the deposits are there; they know roughly how big they are—in fact, they are fairly small. The problem is the development of those and then getting the ore processed.

**Mr. Jewett:** It is a chicken-and-egg situation again. On the one hand, one thinks the ore is there, but one cannot prove it is there without a mill. On the other hand, one cannot get somebody to build a mill until one proves the ore is there. We are looking at a whole range of aspects to try to solve that problem.

**Mr. Foulds:** You say you hope to have a proposal for that kind of milling facility before your ministry before the end of the year.

**Hon. Mr. Auld:** Mr. Jewett, you told me that earlier on there was ore going from Enora as far as—

**Mr. Jewett:** No, from Geraldton, sir. It was going 400 miles into Quebec. That seems to us an excessive distance.

**Mr. Foulds:** Exactly. That is a very good example.

3 0 p.m.

**Dr. Reynolds:** There really are a large number of these deposits. You have mentioned a number, Mr. Foulds—and I am sure that is only the tip of the iceberg—and many of these are very rich. But for the reasons that Mr. Jewett mentions, on top of that, it

is very difficult to get the economies of scale, which they really need in a modern-day mining operation. If they could do some pooling it does have promise. I guess we are back to what we were discussing earlier this afternoon. Perhaps there was some mobility of milling equipment and that sort of thing.

It is easy to be overtaken by the problems on it not the least of which is the discontinuity of the metallurgy they are involved with. It varies from batch to batch, without a lot of mixing, to get some uniformity. The metallurgical treatment is difficult. But we do think, especially at present-day prices, many of those deposits in northwestern Ontario are worth while pursuing. That is what Mr. Jewett is referring to as a direction from which we hope we can bring something before the minister for consideration before long.

**Hon. Mr. Auld:** One figure of interest is that the Ontario mineral exploration program started on November 1 and, as of a week ago today, the total number of programs approved to date is 50 and total estimated expenditures are about \$14 million. That includes all the northern region. I am not going to break them down because some of them are kind of small and we will perhaps lose confidentiality by doing that, but it is a pretty encouraging immediate response to the program. I do not know of a program encouraging exploration that has had a more rapid interest reaction.

**Dr. Reynolds:** No, there really has not been one, especially on such a broad front. Its predecessor, the mineral exploration assistance program, was more limited in its active ability and also open to more than just the exploration industry, which we are now talking about. I confirm what the minister has said. I certainly do not recall any program that has had the immediate impact, reaction and support this one has. So we are pretty enthusiastic about it.

**Mr. Foulds:** If we can pursue this for a few more minutes, I am interested in knowing if you accept the definition of a small-scale operation that was used at the bi-annual conference on small-scale mining in Mexico, which Mr. Mason of your ministry attended. Is that roughly the definition you are using?

**Mr. Jewett:** Do you have the definition before you?

**Mr. Foulds:** Yes. What it says here is: "A small-scale operation was defined as one producing less than 100 tons per day of product, a company which is not listed on a stock



exchange and with less than \$1 million capitalization, an operation employing less than 50 people." Do we get into a problem with the securities exchange and stock exchange business here?

**Dr. Reynolds:** I do not think so. That tends to be the minimal figure. It is pretty small by today's standards, but I think as a guideline it is a good place to start.

**Hon. Mr. Auld:** Actually there are some more discussions going on with Consumer and Commercial Relations in that whole field of so-called junior mining, which is really exploration.

**Mr. Jewett:** I think our problem is we are asking the question, do we need a definition at all?

**Mr. Foulds:** Yes.

**Mr. Jewett:** A definition creates an artificial division. What we are trying to do is structure programs that will be available to all but would be most attractive to the people at the small end of the scale and would probably get more response from them. This is, in fact, what is happening and is the most encouraging outcome of OMEP. The money coming into the exploration is new money. It isn't the sophisticates; it isn't the old regulars at Red Lake but new people coming into the exploration business.

**Mr. Foulds:** The trouble is that unless you have, if not a definition, at least guidelines, some of the other requests they make with regard to regulations become more difficult for you, because—I may live to regret saying this—it may be easier to relax environmental regulations with an operation that mines out a couple of thousand tons of ore than with one that mines out several hundred thousand tons of ore.

**Mr. Jewett:** Mr. Chairman, I personally have no difficulty with that concept. I believe that small can be beautiful, but I have not been able to convince the people in Environment Canada that it is something that can be defined and written into regulations.

**Mr. Foulds:** According to the brief of the northwestern Ontario prospectors, your own ministry's representative, Mr. Mason, indicated that should such operations be fully exploited in Ontario, it could mean an addition of half a billion dollars to the gross provincial product. In this day and age, in this kind of economy, that is not to be sneezed at.

I have just one further point. I want a specific response to the problem brought to me about the 21-year lease.

**Hon. Mr. Auld:** I don't understand the problem there.

**Mr. Foulds:** I am not sure I understand to be perfectly frank. Let me read the paragraph in the brief and then perhaps we could debate that:

"Before a mineral deposit may be mined for profit, a mining claim must first be staked and recorded. Assessment credits equal to 2 days of work must be performed. A survey of the claim must be made by an Ontario land surveyor at considerable cost and, finally, a 21-year lease obtained. For a small-scale miner prepared to remove a few hundred tons of ore, the cost of the leasing procedure might well be more than the value of the material mined. Even if he does complete the required leasing procedure and shows small profit, he then finds himself in possession of a 21-year lease on the claim, which might be mined out in the space of a few weeks or months and in which he has no further interest."

Does that mean he has to continue to pay a fee once it is mined out, or is that a misunderstanding?

**Hon. Mr. Auld:** I don't understand it. I know we have some holes in the ground. We are responsible for plugging up because companies have ceased operations simply because they are no longer profitable. The companies have surrendered their charter, and that is the end of it. I do not know if this case it is a minimum 21-year lease. My understanding is that it is a 21-year maximum and if they do not keep up their payment it lapses.

**Dr. Reynolds:** I think that can be addressed. I do not see any reason, providing any obligations of rehabilitation of site and so on are looked after, that the lease could be surrendered even earlier. We will undertake to look at that and let you know.

**Mr. Foulds:** Could you do that because I think that is a major concern?

**Hon. Mr. Auld:** I can see the problem. Some of the preliminary things that have to be done. It might be a case where it is a very short term and there might be some reduction.

**Mr. Foulds:** I would certainly endorse the rehabilitation Dr. Reynolds speaks of as necessary.

**Hon. Mr. Auld:** We would take that off top.

**Mr. Foulds:** I think that is all I had on the item for the time being.

**Mr. Riddell:** Mr. Chairman, I want to talk about a different kind of mining which

and in southern Ontario, that is, stone, sand and gravel. I know we will be going into this to a considerable depth when we get back to Bill 127. I know the Chairman will want to participate in those discussions for fear that some of the eastern Ontario townships may become environmental disasters such as we have in Uxbridge, if you have ever gone out to have a look there, and such as we are going to have in Erin township. I am really surprised as to what is going on.

20 p.m.

In the meantime, there is a lot of confusion out there, particularly among the small pit operators, as to where they now stand since the minister put through a policy statement which the committee challenged. All of southern Ontario has been designated. It does not matter what meetings you go to out in the country now because they are saying, "What does this mean? We are now designated where we were not before. Are we operating under the old Pits and Quarries Control Act which was passed in 1971?"

As a matter of fact, just an hour or so ago I heard something that surprised me, namely at section 6 of that act was never really revoked. I understand that two fairly large companies were given approval or had their application approved to start mining in one of these townships. They said they were greatly surprised they were given the green light in light of section 6 of the act. I am going to be looking into that further and will be discussing it further when we get back to Bill 127.

These small pit operators are asking questions. Are they still being governed by the old Pits and Quarries Control Act? If they are going to have to pay a levy of eight cents rather than the two cents, they tell me they are not going to continue to operate. Since they are now designated, and are going to have to go through the assessment that is required for, they tell me they are not going to operate. The municipalities are now getting somewhat alarmed, because they say that if these small pit operators close up, they are going to be forced to get their gravel from the larger operators. That means they are going to pay through the nose in order to get the gravel they need for the roads and whatever else they use it for. As I say, there is a awful lot of confusion. Perhaps you could enlighten up some of this confusion.

**Hon. Mr. Auld:** Mr. Riddell, maybe Miss Yundt could explain.

**Mr. Riddell:** I have already alluded to the matters that these small pit operators are getting from engineering consultants, saying

that they would be more than pleased to do an assessment of their area owing to the fact that it is going to have to be done because of this Bill 127. They really are beside themselves, some of them.

**Hon. Mr. Auld:** Basically, the legislation at present affecting all pits and quarries in designated areas is the Pits and Quarries Control Act, 1971. I announced in August that we were going to apply that act to the rest of the Ministry of Natural Resources regions, the three southern regions. At the moment, that is what governs the increase in deposit fees and so on, and it will apply there as it will apply to existing pits and quarries. Until such time as Bill 127 is passed or there are any amendments to the Pits and Quarries Control Act, the provisions of it will apply to those operations.

I will ask Miss Yundt to give us a short history of what happened in 1971, where we may have some problems, what will happen to the existing operations as of January 1 and what will happen to any operations that come into effect after January 1.

**Miss Yundt:** Basically, in 1971, we first designated the areas where there was highest production and, therefore, the greatest problems in terms of number of pits. We started out designating the Niagara Escarpment area. We expanded that so that it now covers all of central Ontario, part of southwestern Ontario and part of eastern Ontario. I think you will recall some of the discussions at the time of the hearings on Bill 127. It was almost a uniform concern of all the groups that further areas be designated in southern Ontario. As a result of that, the minister has made the announcement that, effective January, 1981, all these areas will be designated, but they will be designated, as the minister has indicated, under the Pits and Quarries Control Act.

That means that if an operator has an existing operation in a township that we are just designating, which is in fact part of the riding of the member for Huron-Middlesex (Mr. Riddell), if he has an operating pit or quarry, he will be granted a licence. They make an application, prepare site plans and submit those to our ministry. Then we go out and check them. Then they will be issued a licence.

If it is a new operation in an area that has not been operated prior to the area's being designated, then they have to go through a more detailed procedure and, if there was an objection, they could have to go before an Ontario Municipal Board hearing. But exist-

ing operators will not have to go through that procedure.

**Hon. Mr. Auld:** They will simply have to file the plan, which has to be up to our requirement, and start paying the fee. That is basically the case.

**Miss Yundt:** But you are correct in that we also have increased the rehabilitation security from two cents a ton to eight cents per metric ton. This again is in sympathy with the fact that two cents per ton in surveys that we have done on rehabilitated sites was just not an adequate amount of money.

**Mr. Riddell:** But that does not come into effect until Bill 127 is passed, does it?

**Miss Yundt:** No. That change is going to be made under the Pits and Quarries Control Act. The two cents will become eight cents as of January 1, 1981.

**Mr. Foulds:** You can do that by order in council under the existing act.

**Miss Yundt:** Yes. It is a change in the regulation.

**Hon. Mr. Auld:** The good news under that is the Treasurer says he will pay interest at the Province of Ontario Savings Office rate on that deposit.

**Mr. Riddell:** That is one of the things that is certainly of concern. I was hoping Mr. Gaunt would come in because he is getting the same inquiries I am. Where maybe only 10 tons of gravel, more or less, are taken out a year, these small pit operators are simply saying if they are going to have to pay that kind of levy, then that is it. The pit will close down and the municipalities are going to be forced to go to the larger operators and pay for that gravel. That was one of their concerns. The other one, as I indicated, was, the designation and what it meant to them, but we have had that explained.

One of the questions I would like to ask is how much money has the mineral branch of the ministry spent to identify the aggregate areas within all the townships across Ontario? I have a feeling you have probably spent a lot of money.

**Hon. Mr. Auld:** I do not know. I have not got that total in front of me. We have been at it for several years.

**Mr. Riddell:** Yes, I know. You have been at it since the high periods of the 1960 and 1970s.

**Dr. Pye:** We have been involved in surveys of this type since 1968.

**Hon. Mr. Auld:** Dr. Pye is the director of remote sensing and all those things.

**Dr. Pye:** As I say, we have been involved in this mapping since about 1968 in fair detail; so we have done an awful lot of mapping in southern Ontario. We do have a very good inventory of the aggregate potential of the southern part of the province. In the last two or three years we have gone into it in much more detail and we have gone into an aggregate resources inventory program in which we have actually determined the resource potential of individual towns, particularly those designated under the Pits and Quarries Control Act.

What we have spent on that I really could not say, so I am going to turn it over to Dr. White. Perhaps he can comment further.

**Dr. White:** My present budget on the regular fund, which is mostly expended in mapping the official deposits and doing the aggregate inventory, is approximately \$500,000 a year. That is for salaries and operating funds. Four years ago it was about \$125,000. This work has been going on for some time. It started back in the mid-1960s, but it certainly has accelerated in the last three years. 3:30 p.m.

**Mr. Riddell:** So from the mid-1960s until about four years ago you would be spending about \$250,000 a year?

**Dr. White:** Four years ago it was \$250,000. I am sure in the mid-1960s it was probably peanuts—about \$50,000 or \$100,000 perhaps.

**Mr. Riddell:** Within the last four years you say it has been \$500,000 a year?

**Dr. White:** Yes.

**Mr. Riddell:** In designating these aggregate areas, there is no question there is a conflict of land use. I do not care whether it is Uxbridge township or Erin township, I was surprised that at the hearings we had there was no one from the Ministry of Agriculture and Food speaking up on behalf of their famous food land guidelines.

I also have heard that the Minister of Agriculture and Food (Mr. Henderson) had been told to stay out of this, particularly in connection with Erin township when class one and two aggregate land was being categorized.

The only person who spoke up in favour of agriculture at all the hearings we had was a Mr. Brian Crawley from Puslinch. Brian—if I am correct, and I think I am—was elected reeve in that area. So people are pretty concerned about what is going on, particularly when it comes to the preservation of agricultural land.

If we take a look at the elections that have taken place across the province, we can see



that some of the people who got elected are people who are pretty concerned about our environment and about our agricultural land.

I do not want to get political but a lot of them are good Liberals who were elected.

**Hon. Mr. Auld:** I certainly do not want you to get political.

**Mr. Foulds:** There were a few good Liberals defeated, as I recall.

**Mr. Riddell:** Not too many.

Uxbridge is already an environmental disaster area as far as I am concerned, yet there has been another 20 per cent designated for aggregate use.

In Erin township there have been areas designated that contain Carolinian forests, some of the few dogwood stands we have, and I understand these will be destroyed within a period of 15 years. In other words, these companies have the go-ahead to move in and mine this stuff, do away with these Carolinian forests and do away with these dogwood stands. I do not know how long we can expect this to go on.

We go back to a question that was put to the minister in the House. I think it stemmed from Dr. Shulman's article entitled "The Endangered Forest." Five miles west of Cayuga there is an oak hickory forest which contains some 22 rare plants, at least one endangered species and thousands of 380-million-year-old fossils. It is a unique area and my understanding is that with ministry approval bulldozers are moving through it. Does gravel mean all that much? Does it mean more than food?

A lot of this pit designation has been on good agricultural land and nobody from the Ministry of Agriculture and Food seems to be speaking up on behalf of agriculture. We have these Carolinian forests, these dogwood stands, and we have one of the few acres here in Ontario of Oriskany sandstone, a biological and geological rarity. The article says the Oriskany sandstone outcrop of southern Ontario has been a battleground between industry and environmentalists for over two years. The outcrop, less than one square mile in area, is located about five miles west of Cayuga, Ontario. The article goes on and tells all about this area and then it ends up, "Bulldozers are moving through the significant vegetation." Can we actually allow this to go on?

**Hon. Mr. Auld:** I will not go into great detail about that tonight. I could in the morning. I have a reply to Morty's column which never saw the light of day. On that particular spot—it was used as landfill somewhere, no doubt for rehabilitation—the owner set aside substantive acreage at his own expense, fenced it and locked the fence so that only those who were naturalists or could show credentials could come and look at samples of the flora and fauna. That deposit of sandstone is a very large one and it is not being totally destroyed. I will bring you all the details tomorrow.

To answer part of Mr. Riddell's question, it seems to me we were accomplishing two things when we started that inventory. One was to find out, because of the concern of a lot of pits and the concern in the construction industry and all the industries that require aggregate, what our resources are, and, secondly, to let the owners of the land under which that resource is known that they had it before somebody came along and picked it up at \$400 or \$500 an acre.

We have had some discussions about whether we should publish these things or not. We came to the conclusion that we should because there is a little more to it, particularly in the designated areas which will now include almost all of southern Ontario, than just coming along and saying "Dig it out."

I do not know why the Ministry of Agriculture and Food does not attend all these hearings. They have produced a guideline paper similar in effect to the one that we were talking about, the policy paper on which this committee decided we should hear some comments. As I understand it, we are waiting for comments from rural Ontario and the municipalities which I think will have a particular interest for some of the reasons you have expressed.

If I may, Mr. Chairman, I would prefer to leave it at that at this moment inasmuch as I am supposed to be in Parry Sound in about an hour and 15 minutes and my arms are not as strong as they used to be.

**Mr. Chairman:** We have gone a little over time anyway. Mr. Riddell, if you are here, you will be the first in the morning on this question.

The committee adjourned 3:43 p.m.

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No. R-45

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**

Thursday, November 13, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, NOVEMBER 13, 1980

The committee met at 9:09 a.m. in room 28.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (concluded)

On vote 2504, resource products program:

**Mr. Chairman:** I see a quorum. Does the minister have the information we were waiting for?

**Hon. Mr. Auld:** I have. I also have one or Mr. Riddell which we were in the process of, but we will go to the Oriskany sandstone.

Very briefly, the history of this is that there was an application for a licence prior to July 1978 when a licence was granted to Paving and Materials. It is a 500-acre property in the town of Haldimand. "The site includes part of the now-famous Oriskany sandstone deposit as well as a number of significant botanical and zoological features. Portions of these natural features are being preserved by the company in a 48-acre environmental protection area," which I mentioned briefly yesterday.

An associate professor, Ms. Dianne Fahselt of the University of Western Ontario, has been very interested in this project. She and her supporters apparently wanted all the natural features and environment on the whole property preserved as a nature reserve. They do not feel the environmental protection area contains natural features as significant as those in the area to be quarried.

The Ontario Municipal Board held a very lengthy hearing. After it had made its recommendation to the then minister (Mr. F. S. Miler) my predecessor concurred with the report of the board that the concerns of interested groups would be adequately protected by the preservation of the environmental protection area. I understand Professor Fahselt has now referred the matter to the Ombudsman.

I will not read the whole report of the board, but I will indicate to you the conditions that they recommended be attached to the licence, which are in fact now a part

of the licence. The licence says: "This licence is subject to the conditions contained in attached schedule A."

"1. No more than one million tons of material shall be removed from the property in any calendar year.

"2. The site plans as revised October 1977 and submitted to this ministry shall be the approved plans for the licensed property.

"3. The environmental protection area (EPA) shall be posted, fenced and protected against trespassers and checked by the quarry watchman for the purpose of excluding the general public. The southeastern portion of the EPA shall be fenced in a manner so as not to impede animal movement. Every endeavour shall be made to protect the significant natural features of the site from theft or damage.

"4. The licensed property, excluding the EPA shall be fenced in accordance with the regulations of the Pits and Quarries Act, 1971, as shown on the site plan.

"5. The licensee shall maintain restricted access to the EPA. The licensee shall permit earth and life scientists, other qualified scientists and supervised students to enter the EPA and the operating quarry area by prior arrangement for the purpose of studying natural phenomena located on the property, all commensurate with proper quarry operations, safety and security, and at their own risk.

"6. Dust control equipment shall be installed at the dust originating areas of crushing and at material transfer points. The permanent secondary crusher shall be enclosed by metal cladding.

"7. Permanent roads within the licensed property shall be paved. A water truck shall be maintained to control dust on any unpaved road.

"8. Notwithstanding the general requirements of the Ontario Water Resources Act, RSO, 1970, Chapter 332 as amended, the licensee shall establish a ground water monitoring program acceptable to the Ministry of the Environment for the purpose of assessing possible effects of the mining operation on ground water stage and quality.

"9. The licensee shall use exhaust mufflers on all mobile equipment, including front-end loaders, bulldozers and pit trucks and maintain all mufflers in a state of good repair.

"10. The licensee shall carry out blasting operations according to a regular pattern at established times. All blasting shall be monitored.

"11. The licensee shall direct all trucks used for hauling aggregate to proceed to and from the property by way of the McMorran-Dry Lake Road and provincial highway No. 3. The licensee shall not use any portion of Regional Road No. 9 for truck traffic which is restricted to a weight limit in accordance with the agreement between the licensee and the regional municipality of Haldimand-Norfolk dated November 25, 1975.

"12. The licensee shall improve the McMorran-Dry Lake Road in accordance with the provisions of the agreement between the licensee and the town of Haldimand dated November 24, 1975.

"13. The licensee shall use its best endeavours to have the Ministry of Transportation and Communications establish storage and acceleration lanes on provincial highway No. 3 at the intersection of the McMorran-Dry Lake Road.

"14. The licensee shall use its best endeavours to have the town of Haldimand reverse the stop signs at the intersection of the McMorran-Dry Lake Road and the Town Line Road to make the McMorran-Dry Lake Road a through road.

"15. All trucks carrying crushed aggregate from the site shall be tarped in accordance with regulation 632/76 of the Highway Traffic Act.

"16. Plant operations and aggregate shipments shall take place from Monday to Friday and not on Saturday, Sunday and statutory holidays when plant maintenance only will be undertaken.

"17. Shipment of aggregates shall be scheduled between 6:30 a.m. and 5 p.m. from May through November, and between 7 a.m. and 4:30 p.m. from December through April.

"18. Rehabilitation of the licensed property shall include planting of seed and/or transplanting of seedlings from the environmental protection area."

Mr. Chairman: Mr. Minister, Mr. Gaunt is here replacing Mr. Riddell. Perhaps you have the answer for him. He has to leave by 9:30.

Hon. Mr. Auld: And here is Mr. Riddell.

Mr. Chairman: Yes, they are both here now to hear it.

Hon. Mr. Auld: I just have another bit which relates particularly to Dr. Shulman's article in the Toronto Sun.

"The Oriskany sandstone depot that contains the subject fossils covers only a part of the licensed area. The sandstone also extends over hundreds of acres to the south and east of the licensed property. Much of the sandstone has already been mined from the property early in the century. It is still untouched in much of the surrounding area."

The dolostone is not "available throughout the entire country," although it underlies most of southwestern Ontario and there are only a few locations where it is potentially accessible for mining purposes. Other factors preclude mining in most places.

The 47-acre environmental protection area does include the oak hickory forest and rare plants. In fact, the area was enlarged on the recommendation of the consultant to King Paving to include a better representation of the forest. According to the consultant, the protected area is the best example of the forest and sandstone.

The article implies a contradiction. The first statement refers to an assessment of all pertinent matters which the ministry does in considering a licence application in accordance with the Pits and Quarries Control Act, 1971. The second statement refers to a prepared or published independent environmental study, which the ministry does not do and is not required to do under the Pits and Quarries Control Act, 1971. The two are distinctly different items.

King Paving apparently originally hired the reference consultant. King Paving was not satisfied with his performance and subsequently hired another reputable consultant. It must be noted that the original licence application by King Paving was made early in 1975. I guess that indicates why the 19 agreements with the town of Haldimand in the region were made in 1975. The newspaper article is the first time in all the years, and after three Ontario Municipal Board hearings, that the matter of the first consultant has been raised.

Geologists, naturalists and environmental groups have been aware of this site and its significance for many years. There have been three OMB hearings and few of the current objections were put forth at that time.

There is still ample opportunity for all concerned groups or the Ministry of Natural Resources to acquire a large area of adjacent land to preserve more of the forests and sandstone. The area to the south includes environmentally sensitive "dry lake" areas which would be a preferred site.

9:20 a.m.

The licence was issued by the Ministry of Natural Resources with due consideration and concern for the natural and environmental features. In issuing the licence the minister concurred with the report of the OMB that the preservation of 47 acres of the forest and sandstone would adequately protect the concerns of interested groups.

Perhaps I could give Mr. Riddell the answer to his question, and we could come back to this, if you wish.

At the present time, only Minto township in Wellington county and Blanshard township in Perth county are designated under the act, and that happened in 1975. Under the changes in the regulations that will take effect January 1, 1981, as detailed in that news release I mentioned dated August 21, all of Wingham district, consisting of 32 townships, all of Perth and Huron counties and the four southern townships of Bruce county will be brought under the act.

Mr. Riddell, here is an outline of what we did to let everybody in Wingham district know. A letter was sent from the district on or about October 2 to all municipal councils, county planning and engineering departments, advising them of the upcoming changes and extending an invitation to meet with the ministry on an individual or group basis to discuss further the prospective changes.

The following meetings resulted from this invitation: There were eight townships, a group of 50 road superintendents and operators—that was a meeting arranged by the Perth county engineer—the Huron county planner, the Huron county aggregates committee, Huron county municipal officials and Perth county municipal officials. That last was the most recent one that was scheduled for November 5.

We also sent a letter from the district to each of the 201 operators known to our office in Wingham. In that letter we advised them of the upcoming changes resulting from designation, let them know the times and locations of our proposed information workshops, and informed them that at those workshops we could explain what the act would mean to them and would be able to answer their questions. Wingham district is at the point where it is able to deal with specific operators and site-specific problems.

In the communications with the operators, they were informed by letter, there were newspaper ads, radio and television coverage of dates and locations of the workshops.

In all, there were four workshops held, two in the southern half and two in the

northern half of the Wingham district. The first was held at the Wingham office on October 16. One hundred or more people attended and we were unable to accommodate them all. The participants consisted of a cross-section of the interested parties, such as operators, local politicians and so on. Although the workshop served the valuable purpose of allowing participants to express their feelings and concerns, nevertheless we feel it was probably the least constructive because of the very large number of people who attended.

The second workshop was held on October 22 and was attended by 75 people who were mostly operators. The third was held on October 24, attended by 45 people, mostly operators; and the fourth was held on October 28, attended by 40 people, again mostly operators.

There is just a little bit more. There are some difficulties that we appreciate. I understand that both Huron and the Perth county councils have, to varying degrees, been opposed to Bill 127. When I made the news release in August, some of the local officials and the news media reacted strongly because they thought that these announced changes in regulations were in fact a result of the implementation of Bill 127.

The municipalities in particular, I am informed, reacted strongly to the increase in the rehabilitation deposit because they viewed it as being a direct surcharge or royalty payment. The municipalities in the northern half of the district currently obtain their gravel for 10 cents to 25 cents a cubic yard. They envision the contract price for gravel doubling because of the increased rehabilitation deposit.

To sum up, while the regulation changes may appear to be relatively minor to some people, they are not considered so by the people in that area because they are new, the people have never had to deal with them previously. But I think we certainly have gone about as far as was humanly possible to let everybody know what we were doing and how we were doing it. I suppose nobody wants to pay another eight cents a yard, even though it is for rehabilitation. But if we are going to rehabilitate, it has to be paid for.

**Mr. Chairman:** As Mr. Gaunt has only a few minutes, I will let him ask a few questions.

**Mr. Gaunt:** I will just take a minute, Mr. Chairman. Thank you very much. I am aware of all that the minister has said with respect to the changes by regulation coming into effect on January 1, 1981. It was my



thought, and I just thought I would run it by the minister, to question whether, in fact, there was some possibility for the accommodation of small operators. As you have indicated, many of the municipalities have complained. Most, if not all, of the small operators have complained. Municipalities complained from the point of view of the increased cost to which you alluded. The small operators complained from this point of view: they feel it will put them out of business. I am wondering if there is not some possible method of accommodation.

Before I proceed, let me say that, in general terms, I support what is intended to be accomplished. I support rehabilitation; I support the levy to do it; in general, I support the bill's application right across the province. But I am wondering, with respect to really small operators, if there could not be an exemption in terms of charging the eight cents: a lesser amount, such as four or five cents, where 10 metric tons or less are extracted per year—that kind of thing. We have many small operators in our part of the province who take out just three or four loads a year, and that is it. They simply are not going to come under the act. They are not going to file a site plan or be bothered with the levy of eight cents; they are simply going to close down.

**Hon. Mr. Auld:** As we were saying when discussing Bill 127 and the similar situation for the small operator, assuming that the original suggestions in the bill were carried out, my clear recollection is that the site plan for the small operators would be a simple thing, something that they could do themselves. It was not going to require—

**Mr. Gaunt:** They are talking in terms of \$4,000 for a site plan. If you have to file a plan that will cost \$4,000, and you get only about 10 metric tons at 25 cents a yard—how many yards are in a metric ton? It is a complicated mathematical calculation for this early in the morning. Let us say that they get \$200 or \$300 revenue from the pit per year. They are not going to file a plan that is going to cost them \$4,000.

9:30 a.m.

**Hon. Mr. Auld:** I do not know where that figure came from. My recollection is that it would really be quite simple. Sheralyn Yundt can tell you exactly what would be involved.

I should say this, Mr. Gaunt. The Treasurer (Mr. F. S. Miller) has indicated that the interest paid on that deposit will be the same as that provincial savings office is paying. That is important. One concern of large

and small operators was that they had to borrow the money from the bank, and Lord knows what they might be paying. This will reduce that load very significantly.

One other thing, too, is that from the point of view of fairness and competition, I really do not see how we can start drawing lines and saying that somebody is going to pay less. I think the cost may well be less. The whole purpose of the deposit is to encourage people to rehabilitate as they go along, so that they do not have the money tied up. If they can do it for less than eight cents—and eight cents is an average, they may well be able to do it for less than that—the sooner they do it, the better off they will be.

Perhaps you could comment on the question, Mr. Jewett.

**Mr. Jewett:** I would just like to interject a little bit, and perhaps if my answer is not complete enough, Miss Yundt can reply more fully.

Mr. Chairman, this concern about the small operators was recognized and discussed at considerable length by the Ontario minerals aggregate working party. The kind of response and concern on designation is a pattern with which we are quite familiar. It has occurred everywhere else in the province where we have designated. It is a difficult problem, because when the public condemns gravel pits it does not distinguish among wayside pits, small operators and big operators.

I recognize the weakness of generalities nevertheless, a great deal of our problem have been with the small operators, who are underfinanced and do not have the right volume of material. Over the years, we have made considerable progress in convincing these people that it is in their own interest and the public interest.

We recognize that aggregate extraction will be acceptable to the public of Ontario only when it is visibly acceptable, and that the industry and ourselves are judged by the lowest common denominator. That is the problem we have, especially with the small operators. We have tried to accommodate that in the concerns, as the minister has said in Bill 127. We have some difficulties under the present bill. Perhaps Miss Yundt might elaborate on that.

**Miss Yundt:** I would just like to clarify that under the Pits and Quarries Control Act there is what we call a short form which can be used for any person who is going to extract less than 15,000 metric tons per year. A short form, under the Pits and Quarries Control Act, is much simpler for them

arry out but it still has to be approved by an engineer or an Ontario land surveyor.

Recognizing that problem and recognizing the cost of getting it approved by one of those two groups, what we have done in Bill 127, as indicated by the minister, is to say that, up to 20,000 metric tons, a small operator could not have to be approved by an engineer or an Ontario land surveyor. He could prepare it himself and it could be approved by the pit and quarry inspector. That is a provision.

It is a recognized problem but, currently, we are tied down to what is in the existing legislation. If the new bill does come in, that situation should be improved.

**Mr. Riddell:** Miss Yundt, when is that new bill coming?

**Hon. Mr. Auld:** That is a good question.

**Mr. Foulds:** Not in our lifetimes.

**Hon. Mr. Auld:** I trust and learn.

**Mr. Gaunt:** That is very helpful. I appreciate the information and I will convey it to those who are concerned.

**Mr. Riddell:** Let the minister finish his answer, though. When do you expect we will have Bill 127 passed?

**Hon. Mr. Auld:** I have indicated to one of the parties, semi-officially, that I would be happy if we could start working on it Monday nights or something, and try to get it done by the end of the year.

The real problem, though, is that there are two concerns. The bill as reconstructed, we can call it that, has been circulated, I guess in August; it addresses some of the environmental concerns, but does not contain provisions transplanted from the Environmental Protection Act about environmental assessment. This is because the government has indicated that this is presently in the Environmental Protection Act and this kind of activity is required for a project that can be done under the Environmental Protection Act.

The other provision relates to how regulations under the act would be dealt with. The government's position is that regulations will continue to be the responsibility of cabinet and will be passed by cabinet. They are prepared in the reconstructed bill to notify all municipalities directly as soon as such regulations are passed. But in the act that the committee is not prepared to accept those two parts of the bill, my expectation is that if the committee alters it and sends it back to the House, it will not get a reading.

I have talked with Mel, and I have spoken to Mike, who said he feels that their position is unchanging. In that case, it seems to me that we should try to amend the existing act in a number of ways which will at least provide some of the things—one of which the chair just mentioned—that we overlooked in the Pits and Quarries Control Act in connection with plans for existing pits that were granted under those with whom we have problems, and that sort of thing. That is basically the situation.

**Mr. Swart:** Just supplementary to that, am I correct in understanding that you are prepared, if the steering committee can arrange the time, to proceed with Bill 127 at the earliest opportunity, which could mean next week?

Secondly, I understand you are telling the committee, in effect, that if the members are not prepared to compromise on at least those two items, the bill will not likely ever get third reading. It will die on the Order Paper.

**Hon. Mr. Auld:** My assessment is that that is the case. I cannot tell you that, of course, until it happens.

**Mr. Riddell:** I think that is a mistake. Why would you not bring it in and put it before a committee of the whole House? Maybe there are other members with different views from what the committee members have.

**Mr. Foulds:** Maybe you would get a split with one of the opposition parties or your own caucus.

**Mr. Riddell:** I have thought of that. We have some members in our party who are pretty concerned about this pits and quarries thing. Hell, what is it, two thirds of the gravel comes from Grey, is it, according to Mr. McKessock? He has a real interest in this, and maybe he should have a say in committee of the whole House. I do not think you should let the bill die on the back burner.

**Mr. Swart:** As I stated to you, we want to proceed with it.

**Hon. Mr. Auld:** I realize you do, and I do not tell the committee what to do. I am prepared to get at it, but I tell you that unless we can get some sort of indication on those two items I would rather get in some things on which I believe the committee agrees currently as amendments to the existing act than go through, say, two more months of hearings, which would probably not accomplish very much.

Mr. Bolan: Have you spoken to the Minister of the Environment (Mr. Parrott) in an attempt to have him include in the act—

Hon. Mr. Auld: In his act?

Mr. Bolan: —in his act, reference to pits and quarries? That is the whole problem because when his act was passed, amended or whatever it was, there were no provisions for pits and quarries. It excluded pits and quarries.

9:40 a.m.

Hon. Mr. Auld: No, there is a provision in his act in which he or the cabinet, I have forgotten who, can designate any project. At the present time it covers only provincial projects. At the time the plan was introduced, it said in essence: "We are going to try it out on ourselves first. Once we have ironed out the problems there, it would probably apply to municipal projects and then to the public sector." But it can, by order in council I guess, apply to any project tomorrow.

Mr. Bolan: Yes, by order in council, but it is at the whim of a handful of people. That should be statutory. Something which affects the environment like that should be statutory.

Mr. Foulds: The thing I find puzzling, Mr. Minister, is the government's apparent pattern of positions about the regulations not being reviewed by the Legislature. There has been a precedent for that in the Niagara Escarpment Act. So there is not a new principle being established by regulation review by the Legislature in this bill.

Hon. Mr. Auld: I think there is a slightly different situation here. Since the Niagara Escarpment Commission reports to the Provincial Secretary for Resources Development (Mr. Brunelle)—I am not familiar with that in its entirety, but my recollection is that it has to do with regulations which are, in effect, recommended by the commission to the cabinet, rather than one which can emanate directly from, say, the provincial secretary. I could be wrong on that, but I think that is the situation. I will be very happy to meet with representatives of the three parties to see what we can do in terms of meetings between now and Christmas.

Mr. Swart: Can I ask one further supplementary which I think is tied in with this? What is the status of appendix A? I presume it is held in abeyance. Would I be correct in that assumption?

Hon. Mr. Auld: Appendix A?

Mr. Swart: The policy statement.

Hon. Mr. Auld: Oh! The last I heard from Graham White yesterday was that he was going to try again to hear from the Rural Ontario Municipal Association when the committee it has appointed—

Mr. Swart: I am not dealing with the aspect of it. As far as you and your government are concerned, it has not yet gone through cabinet but is being held in abeyance. Is that correct?

Hon. Mr. Auld: That is right.

Mr. Isaacs: Mr. Chairman, at some point can I return to the minister's statement?

Mr. Chairman: Yes. We will allow Mr. Miller to ask his question.

Mr. G. I. Miller: I support what my colleague was saying in regard to the bill. I think it should be brought to the House. I think we have spent an awful lot of time on it. It will go down the drain if we do not bring it before the House. We should be dealing with it.

The question I would like to ask is in regard to the opening statement on Kitchener Paving and the regulations that were established. Who enforces those regulations?

Hon. Mr. Auld: The ministry.

Mr. G. I. Miller: In regard to the use of roads and the hours?

Hon. Mr. Auld: Tarps and stuff would be enforced under the Ministry of Transportation and Communications. Pits and quarries inspectors would be enforced by us. I assure the people in the community of the township that we would also be keeping an eye on it. We do not have an inspector standing at the gate all the time.

Mr. G. I. Miller: If we wanted to change those regulations, is there any procedure to do it?

Hon. Mr. Auld: If either side wanted to change those two agreements I mentioned, one with the town and one with the regional council, I assume they would get together.

Mr. G. I. Miller: That is possible.

Hon. Mr. Auld: That has happened somewhere else.

Mr. G. I. Miller: I noticed that trucking was supposed to end at five o'clock, and that the use of the roads was designated. I just wondered if there were any procedures changed.

Hon. Mr. Auld: I am not aware of any changes.

Miss Yundt: There was a situation, which I think you are aware, about six or eight months ago, in which they lifted



weight limit on a particular county road. The road was reconstructed. As a result, the weight limit on the road is not now a factor. The county council had agreed that trucks could use that road. There was then some concern about that, and it has been discussed in detail with both the town and the regional municipality. There can be changes only if there is a specific situation leading to that.

**Mr. G. I. Miller:** The last question: Is this now before the Ombudsman committee to be reviewed? Was that part of your statement?

**Hon. Mr. Auld:** My information is that it was referred to the Ombudsman, and I think the Ombudsman's office was in touch with Miss Yundt's office recently, was it not?

**Miss Yundt:** Yes. I do not believe they have finally made their decision on it, but they are investigating it.

**Mr. Isaacs:** Mr. Minister, my real concern relates to the plant and animal life on the riskany site. I think the environmental protection area being set up probably deals in a satisfactory way as possible with the geological features, the fossils of the area. But we have a situation in which some leading plant scientists are telling us that the EPA that has been set aside is totally inadequate for the preservation of the unusual plants occurring in that area, and also one species of snake, the black rat snake, which together is becoming rare in Ontario.

You have people like Professor Fahselt of the University of Western Ontario, who you have already mentioned, and also Professor Suffling of the University of Toronto, who I think are acknowledged to be at least continental experts in plant science problems, coming to us and to the Ombudsman saying that the EPA being set aside is not adequate to ensure the survival of the unusual botanical situation that exists there. They are suggesting that, as a minimum, the EPA be enlarged by about 50 acres.

In addition, it has come to my attention that a couple of gentlemen who, I believe, are members of ministry staff, Messrs. Lechey and Davidson, prepared a report prior to the OMB hearing in which they were suggesting there was real need for preservation of the plant features of that particular area. There was no presentation from your ministry or the Ministry of the Environment of the scientific situation which exists there. I, indeed, the board decision makes reference to that. I will read a couple of sentences: "The board finds that the evidence does not support interference so as to justify

the setting aside of the subject property, being privately owned lands, for an indeterminate period and for an undetermined purpose not supported by a public body."

It seems to me to be the responsibility of the Ministry of Natural Resources, and perhaps also of the Ministry of the Environment, to undertake studies before licences are granted and to ensure that the evidence is taken into account before irrevocable decisions are made. I would be interested to know why there was not an independent environmental assessment done of this. You told us that the company hired consultants to look at this, and that they did not like the first consultant so they went to another. I wonder whether the company's consultants were experts in protection of plant species and of this particular species of wildlife.

**Hon. Mr. Auld:** I did not attend the hearing and all I can say is that Professor Fahselt, Charles Gordon Windor and Paul Frederick Maycock were represented by counsel. We were not called. In the normal course of events in a hearing like this, we would appear if we were called, I assume by either side. The board was the body to hear all the evidence and to make a recommendation.

9:50 a.m.

As I mentioned before, the recommendation was not binding on the ministry. But the track record, as I recall, was that the ministry over the years has altered only about two. One was altered on behalf of one side and the other was altered on behalf of the opposite point of view in another case—if that is not too confusing.

From reading the report—and I certainly do not intend to read all 29 pages, this was the third hearing—it certainly seemed to me to be a thorough one, and certainly every person who had an interest had an opportunity to be heard.

**Mr. Isaacs:** I do not dispute the fact that there was the opportunity for people to be heard. But the OMB did not take advantage of the section of its act which permits it to call scientific and technical evidence. I know they never do, but nevertheless, they did not have—

**Hon. Mr. Auld:** I am not sure they never do. But they can do it if they feel it necessary. In this case, apparently, they did not feel it was necessary.

**Mr. Isaacs:** But, you see, we have a situation in the Ministry of the Environment in which at least until we get the amendments to the act and the amendments to the regula-

tions, environmental matters are not considered by the Ontario Municipal Board. They are considered by the Environmental Assessment Board.

Yet you are telling us that on pits and quarries matters, all considerations, including environmental ones, are left to the OMB, which may or may not have the expertise to consider them, and which, in my view, did not go into them in sufficient detail; it hung its rejection of the environmental evidence on the fact that no public body came before it to argue for the preservation of this feature. That strikes me as totally inadequate.

**Hon. Mr. Auld:** I assume that the board, in its deliberations, takes cognizance of the existing Pits and Quarries Control Act, which does not mention environmental matters. In the restructured bill which has been circulated, we do. I would assume that, with that additional emphasis in the bill, if it were passed in roughly its present form, the board would take a greater interest in those. But I do not want to get into debating Bill 127 today.

**Mr. Isaacs:** I recognize that, Mr. Minister. But as to our saying that the OMB was guided by the Pits and Quarries Control Act, it does not get into environmental matters. I would suggest, if that is the case, the responsibility is on your shoulders to ensure that environmental concerns are put at the very top of the list when you decide whether to accept or modify an OMB recommendation under the act.

**Hon. Mr. Auld:** I do not think it is fair to say the OMB does not look at environmental matters. Obviously, in this case, their recommendations relating to this special area were totally environmental.

**Mr. Isaacs:** And based totally on the report of a consultant hired by the company.

**Hon. Mr. Auld:** And the evidence that was introduced during the hearing from all the parties.

**Mr. Isaacs:** Except they found that the evidence from the three professors who were involved did not support any interference on their part. That really concerns me.

**Hon. Mr. Auld:** Rarely does a court or quasi-judicial body rule on behalf of both sides in an opposing action. Rarely does its ruling satisfy both sides.

**Mr. Foulds:** The court did a pretty good job during the inquest into the deaths at Nakina on coming down favourably on both sides of the question.

**Hon. Mr. Auld:** I have no comment on court decisions.

**Mr. Foulds:** You just did.

**Hon. Mr. Auld:** I accept them, unless appeal them.

**Mr. Isaacs:** First, I do not accept that OMB is a court. Second, surely it is not final offer selection before the board. Surely the OMB should find the approach to the problem that suits the needs of everybody in the province in the best possible way.

If you have a situation which is regarded as being a unique occurrence in Canada according to the published papers, and if the plant and animal life is part of what makes a unique occurrence because of the sandstone outcrop and the low precipitation, then surely someone should be injecting themselves in the process to ensure that the natural features are protected to the highest possible extent, especially when the dolostone that is coming out of that quarry could be obtained somewhere else.

I don't necessarily want to come down too hard on the company. They own the piece of property and are trying to make what is the best possible use to them of that property. But there is a responsibility on part of government, either your ministry or MOE, to step in and say, "No, the public interest supersedes the interest of the company when you are destroying unique natural features." That really concerns me that there was no such involvement by any agency of the government in an overt way.

**Hon. Mr. Auld:** We accepted the recommendation of the board and the company to put the reserve.

**Mr. Isaacs:** Which is regarded by the expert plant scientists—and that is how I have to describe them, because I am convinced that is what they are—as inadequate.

**Hon. Mr. Auld:** Right. It was described to the board as adequate.

**Mr. Isaacs:** When dealing with preservation of biological features, do we take the word of the OMB or do we take the word of the people who are expert in the field? Surely at the very least, there should be an independent environmental assessment carried out on behalf of your ministry or of MOE, and the final word should be as decided by that independent environmental assessment.

**Hon. Mr. Auld:** It was the recommendation of an independent board that heard all parties wanting to be heard.

**Mr. Isaacs:** I hope you will take another look at it. Mr. Minister. I really do. I hope you will find a way of trying to preserve the

han what has already been preserved, because it seems to me the evidence is just overwhelming that what the EPA has set up now is not adequate.

**Mr. Riddell:** Just to follow up on the matter which I raised yesterday, Mr. Chairman, has the minister ever stood toe-to-toe and sparred a wee bit with this guy who calls himself Ernest Drury, the quarry manager who refused to let scientists on the property? These scientists believed they could save 15 or 20 species of rare plants and, as was indicated by Mr. Isaacs, they were going to try to reserve the black rat snake. Ernest Drury, in an article in the *Globe and Mail*, comes right out and says, "I dispute the idea that any more rare plants are on the property." Then, further on, it says, "Mr. Drury scoffs at the idea that the black rat snake is rare, saying it is not on a list of endangered species. 'The company is following the pits and quarries licence to the letter,' he said, and the OMB hearing means the case is closed."

I hate hearing some of these guys who operate these big companies talk as if they are experts in the bloody field. We have some ministry people who are experts in knowing whether we have rare species of plants and whether the black rat snake is a rare species. Why would Drury not let the scientists on the property to see if, indeed, they could protect the plant? Have you control over this type of thing? If Drury says: "There is no way you guys are coming in. I do not care whether the plants are going to become obsolete in time or not," can you not say to Drury, "Look, we insist that these scientists go on to that property and see if there is some way of protecting these endangered wild plants and snakes"?

**Hon. Mr. Auld:** Mr. Riddell, I cannot remember. I visited the operation and the nerve, although I did not go inside, not being one of those who was listed as persons whom it is preserved. Seriously, I saw it. It was shown the outline that, obviously, is what the board recommended. I probably met Mr. Drury but I don't remember. I met quite a number of people very quickly when I went in there, and I spent a couple of hours around the site. He tells me I did not punch him. He did not punch me and I did not punch him. I would have remembered

it.

**Mr. Riddell:** Maybe they have to be told.

**Hon. Mr. Auld:** I have not asked him about this, but I might say that the decision

made by my predecessor in issuing the licence was based on the advice of the people in our ministry, who agreed with the recommendation that the flora and fauna of the area were being adequately represented and preserved in this 48-acre area.

**Mr. Riddell:** Mr. Drury acts just like a little god. If you read this article in the June 20 edition of the *Globe and Mail*, you see he acts like a little god; he is an expert in everything; he simply says: "The case is closed and that is it, gentlemen, you do not get on the property. I do not care whether the plants are endangered, or the snakes are endangered. That is it." If I ever got out of politics in one way or the other, I would dearly love Dr. Reynolds' job. Do you know that?

**Mr. Foulds:** Because he is right.

**Mr. Riddell:** No, no. There is no way I would let somebody like Mr. Drury run over the top of ministry and government people, making these kinds of statements and saying he is the one who makes the decisions around here. You people are going to have to take a stand.

Getting back to that deer thing—I am going to get that article for you—you people are going to have to do something about the poaching of deer. You just cannot sit idly by and let this thing go on. You are going to have to take a much firmer stand than you have been taking in many respects.

**Hon. Mr. Auld:** On poaching?

**Mr. Riddell:** Yes, and on standing up to people like Mr. Drury.

**Hon. Mr. Auld:** As a matter of fact, I was talking to one of our conservation officers who was driving me back from Parry Sound last night. We were talking about that very subject. So, you see, I was right at it at the first opportunity.

**Mr. Riddell:** Good. I hope I can get the article so we can pursue it before this is all over. But in talking about Dr. Fahselt—

**Hon. Mr. Auld:** Let me talk about Mr. Drury once more. I cannot control what he says, but I can tell you that there is a quarry operator not too distant from Brockville who operates a very small quarry. Mr. Drury's comments are very restrained compared to this gentleman I am thinking of. It is only a very small operation, and he owns it all. So other people get excited on occasion, too. This was as recent as last Friday.

**Mr. Riddell:** Just to conclude on this for my part, Dr. Fahselt made three recommendations. Maybe you can comment on them.



First, that "environmental assessments be done by the Ministry of the Environment prior to granting a quarry licence." I think Mr. Isaacs alluded to that.

**Hon. Mr. Auld:** That would make the township council very happy, would it not?

**Mr. Riddell:** I do not know whether they would mind too much if you got into the act a wee bit.

**Hon. Mr. Auld:** It would be a lot more than \$4,000.

**Mr. Riddell:** Second, that "respectable scientists sit as members of the Ontario Municipal Board when it is dealing with environmental questions and, particularly, when it is to hear scientific evidence" and third, "the Minister of Natural Resources consider environmental factors as well as economic ones in his decisions"—that is talking about you, Mr. Auld—"and secure long-term benefits for the people of Ontario rather than only immediate financial gains." These are the three recommendations.

**Hon. Mr. Auld:** You will recall that the Minister of the Environment announced they were going to simplify things by having one hearing take the place of an environmental and second municipal board hearing. In fact, the chap who has been appointed to be chairman of the Environmental Assessment Board is somebody who was a member of the Ontario Municipal Board. So there will be that kind of background as far as the environmental things to which the act presently applies.

**Mr. Swart:** Just to pursue this matter a little further, how do you apply section 6 of the act, where it says, "The minister shall refuse to issue a licence," et cetera, "where it is against the interests of the public, taking into account the preservation of the character of the environment"? When you get an application for a licence, how do you apply that section?

**Hon. Mr. Auld:** Perhaps Miss Yundt would be the best one to tell you. There are a number of groups involved within our own ministry.

**Mr. Swart:** It seems to me it would require an investigation, and a pretty thorough one, if you were going to carry that out.

**Hon. Mr. Auld:** It would be done, because all the players are represented at the district or, if not at the district, at the regional office. Miss Yundt, can you tell us the process for an application at the moment?

**Miss Yundt:** As regards section 6, we do go through the site plan, look at all the

different requirements of section 6 for each licence that comes in, and satisfy ourselves that those requirements are met.

The other comment I would make is that the Ontario Municipal Board, when holding a hearing under the Pits and Quarries Control Act, also uses section 6 as a guiding vehicle and goes through the sections listed there.

**Mr. Swart:** Of course, many of them never go to the OMB. They do not necessarily go to the OMB.

**Mr. Eaton:** Mr. Chairman, may I draw your attention to the time?

**Mr. Chairman:** We started 10 minutes late so we are just adding that 10 minutes.

**Mr. J. Johnson:** While we are over on this side, could I ask the minister if he could produce the black rat snake for the next meeting?

**Hon. Mr. Auld:** I would like to answer that, because it is a vital question. If you really want to see one we will go over there and see one. I would not want to take the snake out of its natural habitat.

**Mr. G. I. Miller:** A remark to the minister in response to some of the questions that have been asked: that quarry happens to be in my riding. I have had discussions with the management, who have indicated to me that people were welcome, and if they found anything unusual on the site they could have access to it. I do not know whether the statement in the Globe and Mail was accurate but that was indicated clearly to me.

They also bought 500 acres. Originally, they anticipated 1,000 acres. There must be 500 acres around there which might even be available yet and could be preserved. If the ministry is really interested in it, perhaps could assist the people involved to preserve some of that area around it. I do not think there is anything in the way of doing that.

I think the hearing held points out the fact that the Ministry of the Environment should be involved in these hearings from the beginning. As my colleague pointed out bringing in the new bill, that is one of the concerns we do have. I think these should given consideration.

**Hon. Mr. Auld:** We have some funds acquisition of property in the escarpment. We have acquired a good deal, some of which has been or will be turned over to conservation authorities and some of which may be sold because it is not a priority. Looking at the escarpment itself, it may well be that we will acquire, as was mentioned in that report of mine, some additional property to the south. I cannot make any commitment

that we will do that, because there are some other properties along the escarpment that are a slightly higher priority at the moment. If we do not acquire them, somebody else might and then they would be very hard to acquire later.

**Dr. Reynolds:** Could I just make a brief reference to the items raised by Mr. Riddell in connection with what the newspaper article alleges Mr. Drury has said? I know him, I have met him at the site under various circumstances and we have discussed this matter. He is well able to speak for himself, but since he is not here, perhaps I should just say to you that the interest that has been aroused in this whole site as a result of this controversy has brought a great many people to the gates of the quarry.

They have tried very hard to accommodate people, but a lot of the people who now want to get in the gates are of doubtful merit, sincere perhaps, and some, certainly, scientists of unquestioned merit; but not all of them, by any means. It really means that they have to put staff on; they have to have some mechanism to judge whether the people simply want to wander around and perhaps take home samples of the flora and fauna; and that sort of thing goes on.

10 a.m.

**Hon. Mr. Auld:** They have to sign disclaimers of risk for injury and that sort of thing?

**Dr. Reynolds:** That is right. They have problems with insurance, people on the site and everything related to it. So they have tried and are still continuing to try to be fair to qualified, serious people who want to go on the site; but I think you would see my point that there are a lot of people who are simply not of that turn of mind, and it is a great problem for them.

**Mr. Riddell:** I take it from the article that one of the scientists was Roger Suffling, a plant ecologist at the University of Waterloo. It is mentioned in this article, so I take it he was one of the two scientists who wanted to go on the property, believing they could save 1 or 20 species of rare plants, but that, according to the article, a quarry operator wouldn't let them on his new site to find out.

**Dr. Reynolds:** I don't know the gentleman involved, but I just want to offer you the assurance, as conveyed to me on two or three occasions by Mr. Drury, that they are making every reasonable attempt, as they see it, to accommodate serious-minded people. But people do arrive at odd hours, without previously identifying themselves or making any

effort to accommodate the concerns of the quarry. I think the serious-minded people who have a reasonable intention can be accommodated there, and I am sure Mr. Drury would make every reasonable effort to accommodate them.

**Mr. Riddell:** I am pleased to hear that.

Vote 2504 agreed to.

**Mr. Foulds:** Before it gets carried, Mr. Chairman, the minister undertook to answer some questions before we concluded, with regard to the very first vote, that had to do with costs.

**Hon. Mr. Auld:** Regulations?

**Mr. Foulds:** In terms of advertisements and so on. I am quite prepared to carry this note in terms of our agreement on time if the minister will give us that statement before the concurrence is carried in the House.

**Hon. Mr. Auld:** I think I may have that with me. The regulations are somewhat complex, so to aid interpretation there is a layman's explanation attached. That is the one about the three regulations.

**Mr. Foulds:** I had a question about the regulations, and I also had—

**Hon. Mr. Auld:** The environmental assessment group, and—

**Mr. Foulds:** I also had the question about the cost of the advertising program, but rather than take up the time of the committee—

**Hon. Mr. Auld:** There was a question on the Order Paper, and I signed that yesterday.

**Dr. Reynolds:** I think that was part of Mr. Bolan's larger question. The answer was more wide-sweeping; it included other ministries. The final response to that is being collated by the Minister of Industry and Tourism. We contributed our element to that question yesterday. Could I suggest, if these don't answer Mr. Foulds' concerns, that both of you let us know the specifics and we will provide it for you?

**Mr. Foulds:** My only point at this part of the estimates is, if we could have an undertaking to have those answers before the concurrence is carried in the House, that would be agreeable to me.

**Hon. Mr. Auld:** I don't seem to have it here. I know I had it yesterday. I meant to give it to you. I will give it to you in the House this afternoon.

**Mr. Foulds:** That is fine.

Vote 2505 agreed to.

**Mr. Chairman:** This completes the estimates.

**Mr. G. I. Miller:** Can I just make one comment? During all the estimates, nothing was mentioned about the commercial fishing in Ontario, which I think was a little unfortunate because it is an important industry and one that should have been reviewed. There were a couple of comments I would just like to put on the record, though, from the Net and Twine newsletter of the Ontario Council of Commercial Fisheries. They have mentioned the fact that Dr. Keith Reynolds is retiring. I think the indications are that you are going to be missed, Dr. Reynolds. They would have liked to have seen you stay on, with a little arm-twisting; but perhaps that is not the case.

They also mentioned that Ken Loftus has moved from the top position in the fisheries branch to become special fisheries adviser to the ministry. They indicated his name will be to continue to be synonymous with the survival of the resource, and I think they are paying tribute to him. Art Holder is going to take his place, and they are quite satisfied; although he is tough, they realize he works in the best interests of the fishing industry.

**Hon. Mr. Auld:** They are worried that Dr. Reynolds is going to have more time for private fishing; that is their thinking.

**Mr. G. I. Miller:** He has stocked those lakes well; so that will be good. Maybe he has earned the right to do that fishing and he has earned that—

**Hon. Mr. Auld:** Wait until they find out that Jack Riddell wants to take his place.

**Mr. G. I. Miller:** I think he would be better on the government side, really. I would like to use his expertise there.

The other thing is that the 1980 data for the commercial fishermen have not yet been made available, and they are a little concerned that they are not being kept as up to date as they would like to be. I wonder whether that might be taken into consideration to make sure that the fishing council is aware of the progress in all aspects of fishing.

**Hon. Mr. Auld:** I meet with them about every two months.

**Mr. G. I. Miller:** I think the question came from the vice-president, Jack Anderson, who asked for 1980 data on perch production for

Lake Erie. The reply was that, as of October 16, no figures were available. I think that was one item they were asking for.

**Hon. Mr. Auld:** Part of the problem is that we get the figures from them and we do not always get them in on time.

**Mr. G. I. Miller:** The final thing is the smelt fishing. There has been considerable pressure in regard to quotas and, after receiving a letter from the Japan trading council indicating there is a good market for smelt, particularly in Japan, there is some speculation about whether Lake Erie has the capacity to supply adequately the real potential in the Japanese market.

I have heard that some thought should be given to the development of Lake Ontario smelt fisheries; perhaps the ministry may give that some consideration. What is the status of that in Lake Ontario; is there potential there and are you developing it?

**Hon. Mr. Auld:** There is one final comment that Miss Yundt would like to make, if we are going to go a little over our time.

**Miss Yundt:** I just want to clarify one further thing about the King Paving site and Mr. Drury. Mr. Drury has let all the scientists on to the environmental protection area, but what the scientists wanted to do was to have unlimited access to the total licensed property, including the area where the excavations were taking place. That was the real difficulty in terms of problems with insurance et cetera.

**Mr. Riddell:** The article covered that too but operating area "means strictly the hole in the ground, and the immediate surrounding area is under no obligation to anyone else." But they were talking about this hole in the ground, and that was not serving their purpose, according to the scientists. This particular hole in the ground is not where they wanted to go to protect these plants. It is somewhere in the article, but I am not going to take time to look it up.

**Mr. Foulds:** If we have so much overtime I have a whole bunch of topics—iron and mining taxes—

**Mr. Riddell:** Are you going to do some arm twisting to see whether Dr. Reynolds will stay on for a while?

**Hon. Mr. Auld:** I did that some time ago.

The committee adjourned at 10:19 a.m.



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No. R-46

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Resources Development Policy Field

**Fourth Session, 31st Parliament**

Tuesday, November 18, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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TUESDAY, NOVEMBER 18, 1980

The committee met at 8:11 p.m. in committee room No. 1.

### ESTIMATES, RESOURCES DEVELOPMENT POLICY FIELD

**Mr. Chairman:** What we are lacking is representatives from all three parties. Mr. Minister, you have an opening statement. I believe you have people from out of town who may want to be heard tonight. After all, we do not want them to have to come back on another occasion if it can be avoided. I will leave it to you, Mr. Minister.

**Hon. Mr. Brunelle:** Mr. Chairman, members of the committee, I have some brief opening remarks. The briefing book that was prepared for this occasion was submitted to you last week. For those of you who have not received it we have extra copies at the back.

The information in the briefing book outlines some of the responsibilities I have as Provincial Secretary for Resources Development and minister responsible for native affairs. You will also note that I am the minister responsible to cabinet for French-language services in Ontario.

**Mr. Wildman:** Excuse me, Mr. Chairman. Does the minister have copies of his opening statement?

**Hon. Mr. Brunelle:** Yes. Pat, would you make them available?

Before proceeding with these matters, I would like to introduce to you Mr. Gerard Raymond on my left, who comes from the great area of northern Ontario. Mr. Raymond held a senior position in the Ministry of Education for a number of years. I am sure he is well known to many of you. He replaced Bill Anderson, who was here last year and the year before. Mr. Anderson is now in Ottawa. He was seconded to the federal government to assist in implementing the recommendations of the Lambert commission.

While on the subject of new staff, I also wish to advise the committee of other changes to the secretariat. In June, Mr. Tim Eger was seconded to the secretariat from the Ministry

of Culture and Recreation to advise on matters related to native people. Prior to that we just had Judy Clapp. The work of native affairs is becoming more onerous, so Tim came over to assist Judy. Now we have two very able persons.

In September, we were joined by Mr. Mel Plewes who was seconded to the secretariat from the Ministry of the Environment to fill a vacancy arising from the resignation of Mr. Frank Heaps. We are very fortunate to have Mr. Plewes. Mr. Heaps was very happy with us; however, you know the old saying "go west, young man." He was offered a very lucrative position with a large firm in the western provinces.

**Mr. W. Newman:** Was it an oil firm?

**Hon. Mr. Brunelle:** Could be.

There are two points arising from staff changes which are relevant to our discussions this evening. The first is that the two new policy advisers have been seconded to the secretariat for a specified period of time. There are several advantages to this: The secretariat gains new perspectives, expertise and experience. For the individual there is also an opportunity to broaden his or her experience in a central agency of the public service. The ministry, when they return, as the opportunity to capitalize on the individual's broader experience of issues and policy development.

In the second place, the infusion of new staff, including a new deputy minister, provided us with the opportunity to initiate a survey of our activities and in some cases to realign responsibilities. The important point, however, is that it is enabling us to consider the role of the secretariat with particular regard to the policy development process.

Last year there was some discussion of the role of the resources secretariat during debate on the estimates. At the time I spoke of our role as co-ordinators, with the operating ministers being responsible for the implementation policy.

To enlarge on that point, I believe the role we play as co-ordinators and facilitators provides ministries with opportunities to draw

the best by way of ideas and resources from other ministries, policy fields or elsewhere to get the job done. I will cite examples of some of our contributions in a few moments.

To serve this purpose, the staff of the secretariat is a highly qualified group of people whose abilities, both as individuals and as a team, ensure that matters of importance to the resources policy field have been carefully reviewed and analysed before they are considered by the cabinet committee.

We are taking steps to refine this role. This is to ensure that the changes taking place in our society, and new issues or problems, are brought quickly and informatively into the mainstream of the cabinet committee's deliberations. It will also be important at critical points of the year, such as in the co-ordination of the annual estimates.

As we move into the 1980s and the complex uncertainties facing us I believe this more refined approach to policy development will be a sound contribution to the government's decision-making process.

Turning now to the cabinet committee itself, you will note from the briefing material that a wide variety of subjects was discussed in the past year. I will highlight one or two of these topics in a few moments.

Underlying our discussion, however, was our collective concern about the state of the economy and the continued need for the government to exercise vigilance and constraint in its expenditures. Putting this vigilance into practice is not always easy. It can also be a difficult and unpopular task.

We are also directing our thoughts to meet such needs as: restructuring the Ontario economy and encouraging the private sector to invest further; providing assistance to key sectors of the economy, the creation of new jobs and maintaining those already in existence.

There also needs to be an emphasis on the improvement of basic industrial skills in the work force; promoting ways of using energy more efficiently; applying policies aimed at protecting the environment, particularly in such areas as the management of industrial wastes and hazardous materials.

Let me describe to you some of the topics brought before the cabinet committee this year. I will be saying a few words on a couple of the Ministry of Energy's new energy initiatives—a plan by the Ministry of Industry and Tourism to establish Ontario International Corporation, and the Ministry of Natural Resources' tourism strategy for provincial parks.

First the Ministry of Energy: As part of a comprehensive package of energy-related initiatives, the ministry submitted a program to reduce the government's own requirements even further. You will recall that in 1976, the Ministry of Government Services was directed to achieve a 15 per cent reduction in the use of energy within five years. This target has already been met and achieved with an estimated saving to date of \$19.8 million.

The current plan is to do even better and to demonstrate to the public just what can be done with good planning and determination. In the next five years, the government will aim for a further reduction of 7.5 per cent in energy consumption. Some aspects of the proposed plan include such measures as a requirement for all ministries to provide quarterly energy consumption figures, the conversion of existing oil-fired heating installation to diesel or natural gas and the initiation of a government-wide energy savers program to promote energy conservation practices in buildings and with vehicle operations.

The Ministry of Energy is also concerned about heat loss from individual buildings and the promotion of energy conservation in homes. In March, the ministry announced a five-year \$4.9-million heat-saving energy conservation program, known as Project Heat. This program will bring the benefits of thermography and home energy audits to homeowners in about 60 major urban centres in Ontario. It expands on successful experimental programs carried out in Lindsay, Stratford, Brockville, Peterborough, Kingston and St. Catharines. By 1985, the project is expected to save 20 million gallons of fuel oil per year. Putting it another way, it is anticipated to reduce residential heating demand by 15 per cent in 80 per cent of homes in Ontario.

These are just two examples of numerous initiatives of the Ministry of Energy.

Next is the Ministry of Industry and Tourism, which submitted a proposal to establish the Ontario International Corporation. Created as a subsidiary of the Ontario Development Corporation, OIC will identify major foreign capital project opportunities and work together Ontario-based consortia combining both private and public expertise to bid on foreign contracts. This will capitalize on the highly qualified expertise in the public service in such areas as urban transit, educational infrastructure and environmental protection, which, combined with that of the private sector, could comprise development consortia.

8:20 p.m.



Participation in large-scale projects will also provide opportunities for Ontario's suppliers of manufactured goods to reach new markets. The corporation is intended to remain small, capitalizing on the existing marketing support in the Ministry of Industry and Tourism. This is but one example of the government's attempt at encouraging the creation of new jobs in the private sector.

Another initiative to create new jobs is a proposal from the Ministry of Natural Resources to promote tourism and employment in the tourist sector by capitalizing on the assets of Ontario's provincial parks. I mentioned this matter in my remarks last year and am pleased to say that the concept has now been broadened.

In the past year the Ministry of Natural Resources has identified the major markets and the potential offered by the parks as well as local commercial establishments. In the ministry's work it was found that the residents of Ontario represent the primary market while residents from other provinces, the United States and elsewhere represent the secondary markets. The first step in the implementation of the program will be a publicity drive.

I will now say a few words on native affairs, the Niagara Escarpment Commission and the Royal Commission on Electric Power Planning.

In regard to my role as minister in the area of native affairs, I have the responsibility for overall co-ordination of policy development within the government in relation to native affairs and for the co-ordination of communication between the government and native organizations. My policy co-ordination role does not mean that I am personally involved in the native affairs issues or concerns of individual ministries on a day-to-day basis. Such issues are the responsibility of the line ministries, although they keep me informed.

The most senior mechanism to ensure the co-ordination of native affairs policy is the cabinet committee on native affairs, which I chair. The cabinet committee was established in 1979 and has provided a greater focus for the analysis of native issues. This has resulted in an improved understanding of complex social and resource issues of concerns to native people and the government.

The committee meets regularly to review matters referred to it by line ministries and to policy secretariats and recommends to cabinet the policy or position the province should establish. Issues dealt with by the committee in the past year have been primarily in regard to native peoples' access to resources and the tripartite process.

The tripartite process facilitates negotiation and mediation involving Ontario, Canada and Indian representatives. In respect to this process the committee reviewed and endorsed a revised order in council which reappointed Mr. Justice Patrick Hartt as Indian commissioner of Ontario. The commission's mandate has been extended for an additional two-year period to assist the parties in discussions and negotiations of issues of mutual concern.

In addition, and on the recommendation of the committee, cabinet agreed to the extension of the mediation process with the Grassy Narrows and Islington bands. This included the appointment of an Ontario negotiator to compile and negotiate a comprehensive Ontario response to the proposals presented by the bands. Ontario's negotiator is Mr. Bob Bugar of the Ministry of Natural Resources, who is supplementing the resources of the secretariat for this special time-limited assignment.

The cabinet committee on native affairs has also been instrumental in facilitating communications with native people. The committee met in March with the presidents and representatives of the four status Indian associations within the forum of the joint steering committee on native affairs. In June, the committee met with about 100 representatives of the Ontario Metis and Non-Status Indian Association. The committee has agreed to meet with the executive of the Ontario Native Women's Association in the very near future.

In response to requests from status and non-status Indians and Metis, the committee has considered Ontario's role in regard to economic development assistance for people of native ancestry. Recognizing the importance of improving economic opportunities for native people, I will start discussions with the federal government to negotiate a special agreement which would provide economic development assistance to native people in this province.

I turn next to the Niagara Escarpment Commission. The proposed plan for the Niagara Escarpment is now the subject of public hearings. The hearings commenced in April at Ancaster.

There are two types of hearings. The hearing in phase one deals with the general aspects of the proposed plan, with sittings taking place at Ancaster and Owen Sound. This phase is substantially completed. The hearing in phase two deals with specific aspects of the plan and sittings are planned for Peel region, Niagara region, Dufferin county, Simcoe county, Bruce county and Halton region.

Mr. McKessock: Did you drop Grey county from the plan?

Hon. Mr. Brunelle: No, I would think they would be included too, Bob.

Mr. McKessock: They are not there.

Hon. Mr. Brunelle: They are not there, eh?

The sitting for Hamilton-Wentworth was completed at Ancaster early this summer. After the hearings have been completed, the Niagara Escarpment Planning and Development Act requires the hearing officer to prepare a report summarizing the representations and stating whether the plan should be accepted, rejected or modified. After giving consideration to this report, the commission is required to submit the proposed plan to the minister. I am hoping a proposed plan can be submitted later this year.

I cannot allow this occasion to pass without paying tribute to two members of the Niagara Escarpment Commission who passed away this year. Lee Symmes of Terra Cotta was dedicated to the preservation of the environment and Ivor Buchanan of St. Catharines contributed his experience and commitment to the preservation of the assets of the Niagara Peninsula. The commission and the province fared well by the contributions of both of these distinguished gentlemen.

The other commission reporting to me this year was the Royal Commission on Electric Power Planning, chaired by Dr. Arthur Porter. The commission completed its assignment in March with the publication of a nine-volume report which provided a highly comprehensive analysis of Ontario's electric power needs. The Ministry of Energy is responsible for co-ordinating the government's response to the commission's report. The commission's task was difficult, but the results of its deliberations are impressive. I am extremely appreciative of the work undertaken by Dr. Porter and his colleagues and the contribution they have made.

Finally, I wish to turn to the policy areas and projects of the Provincial Secretariat for Resources Development. I will touch on land use, regulatory reform and customer service, and issues involving resources management programs.

The cabinet committee on resources development possesses the ongoing responsibility for land use policy and is assisted in this area by the land use committee. The committee is chaired by the secretariat and comprises members from six ministries having an involvement in land use policies. The committee is chaired by Ken Richards of our secretariat.

An initiative of the land use committee this year was the establishment of a task force on wetlands. The terms of reference of the task force are to explore fully the value of wetlands; to review, and where necessary to propose amendments to legislation affecting wetlands; to prepare a historical perspective of Ontario wetlands and to develop a comprehensive provincial wetland policy.

The wetlands group has applied itself conscientiously to the task and is expected to have prepared the first draft report on the subject by the new year. Having been reviewed by the land use committee, the draft report will be submitted to the cabinet committee on resources development. Many groups have expressed an interest in the program report and the task force has kept in communication with them.

Regulatory reform and customer service continues to be an area of activity of the secretariat. It ensures the removal of unreasonable impediments which restrict the operations of the private sector. There is an interministry committee chaired by the secretariat which reports regularly on reform and customer service to the cabinet committee. Issues that involve resources management problems or programs include the Lake Simcoe-Couchiching environmental strategy, Elliot Lake and the recreation policy subcommittee.

With Lake Simcoe-Couchiching, the secretariat played an active role in formulating a strategy for the preservation of these significant bodies of water, including specific actions aimed at reducing phosphorus loadings to the lakes from 105 metric tons to 8 metric tons. The task of monitoring the program and providing leadership in the implementation of the provincial government's part of the task has been assigned to the Ministry of the Environment.

The mining expansion at Elliot Lake has been monitored by the deputy minister committee on occupational and environment health. This committee is chaired by the Deputy Provincial Secretary for Resources Development and includes the deputy ministers of Environment, Health, Labour and Natural Resources. Other ministries are also represented as the situation warrants.

During the past year a working group reporting to the committee completed a review of all recommendations made by the Environmental Assessment Board in May 1979. Those of you who have studied the board's report will understand the complex subjects involved in the review and the



different aspects of a management program for the Serpent River basin to be defined.

At present, the working group is meeting with the major parties at Elliot Lake to discuss the issues arising from the review of the report. It is anticipated that the work of the select committee on Ontario Hydro affairs will also contribute usefully to a comprehensive resource management program in the Elliot Lake area. When the report is completed, it will be submitted to the Ministry of the Environment. You will recall that the Minister tabled the government's response on community expansion at Elliot Lake last November.

3:30 p.m.

The topic of recreation policy is also an important new initiative which it is hoped will have a bearing on the co-ordination of the government's activities in recreation planning. I have already spoken about the proposal by the Ministry of Natural Resources to develop further the tourism potential of the provincial parks. The objective of the work on recreation policy is to ensure that such programs as this are integrated with other initiatives or programs involving recreation.

The beginning of the new decade has meant a period of re-evaluation for the Provincial Secretariat for Resources Development. We are refining our capacity to anticipate and deal with the complex issues facing the Resources Development policy field in the coming years. As we move forward I am confident in the value and appropriateness of the Provincial Secretariat for Resources Development as a focal point in the policy development process.

My staff and I will be pleased to answer any questions. I would also like to mention that we have with us the chairman and the director of the Niagara Escarpment Commission.

Mr. T. P. Reid: Thank you, Mr. Chairman. Quite frankly, I am surprised at the number of members who are here tonight to discuss these estimates. At the risk, no doubt, of sounding cynical—which I am—about this policy ministry, I find it interesting that so many members would turn out to take part in these estimates.

I cannot help but notice, Mr. Minister, that it is not until we get to page 19 of your opening remarks, of a total of 24 pages, that you get around to talking about what you believe the ministry is doing. Even those last five pages, Mr. Brunelle, do not indicate that this ministry serves any useful purpose. If we go through your opening remarks, you continually refer to almost every other

ministry and what they are doing, with little direct reference to how your ministry co-ordinates or fits into this whole situation.

I should take this opportunity to welcome your new deputy provincial secretary, Mr. Raymond. I hope he will be able to bring some focus and understanding as to what the secretariat does.

I should warn you at the outset, as one of the few members who ever asks any questions—as I did last year—that I would like to have a breakdown of the salaries and wages. I would like to know who these people are, what their function is, and what their salaries are.

I notice that the actual expenditure in 1979-80 for salaries was something like \$46,000 more than the estimate, obviously indicating a supplementary estimate in that regard. Since the largest expenditure of your ministry happens to be for salaries and wages, I think we would all be interested in knowing what the taxpayers are getting for the salaries of the people who are being paid.

I must say, Mr. Minister, that as the Liberal Party critic in these particular estimates, I contemplated not showing up at all because, quite frankly, I do not think you people do very much or accomplish very much. After reading your 24-page outline, I am convinced you still have not done very much, and you certainly have not indicated that you are doing much more than you indicated to us last year, which was not very much.

There is no reference, unless I missed it, in your opening remarks about what you are doing in science and technology. I understood from your remarks last year that your ministry had the responsibility for doing something in that regard and co-ordinating or providing initiatives in terms of research and development in Ontario, particularly in the area of science and technology.

We have heard questions in the Legislature in the last few days relating to the fact that we have some areas in which we should be taking the initiative or providing incentives, either by way of an industrial component or training to provide for high technologies in Ontario. I will not get into the by-election that is going on and the questions that have been raised in that particular area.

Quite frankly, as I sat in the Ministry of Natural Resources estimates, when I went through the briefing book I saw a whole bunch of groups, terms and situations where the Ministry of Natural Resources had the lead, shall we say, or as you say in your



notes the line ministry responsibility, for things like native affairs and other particular government programs.

One cannot help but be left with the feeling that your ministry exists because of the review that was done a few years ago, that we are all aware of, by our friend from Labatt's, in which he recommended these three policy fields. These policy fields have been a disappointment, certainly to the opposition and I think to many people in government, some of whom have expressed that disappointment to me.

I really cannot see, after reading your remarks or listening to your remarks, what function you serve. I said that last year, and I suppose I will say it in the next estimates. If this government, after 37 years, continues to con the people as it has, I will probably say it for a few years more.

It really is disappointing in the sense that the Committee on Government Productivity recommended certain things that might have made these secretariats fairly effective. They may well have had a role to play. Instead, what they seem to have resulted in is giving certain people cabinet posts to carry. They do not, as we all know, answer any questions of any substance, or any questions at all—to be blunt about it—in the Legislature. They provide the government's own particular work program for some people who might otherwise be in other ministries or unemployed, or seeking work.

I cannot help but recall that last year, when I asked the minister during the estimates what some of these people did, his response was that they hold meetings and, if they are asked, they chair committees. If you sit in other estimates, you cannot help but be impressed by the fact that nobody pays any attention to you. You are superfluous to the system; you are an adjunct. You are what used to be called a frill, and nothing very much, if anything, is going on.

It is not until you get to page 19 that you talk about your ministry, or your secretariat, and in the rest of your comments you indicate what other ministries are doing, the programs they are carrying out. I suppose by association you are indicating that in fact these have been initiated or co-ordinated—whatever the devil that means—by the Provincial Secretariat for Resources Development.

8:40 p.m.

I will go back a step and say that I am really concerned, let alone confused, about the fact that you would not talk about research and development in Ontario. I think

there is an opportunity for the ministry, which has the time and, presumably, the expertise, to form some kind of think tank to identify areas that either require assistance or should be developed or programmed. You do not even mention it, unless I missed it in listening to and reading your comments on the subject.

Therefore, the fact remains that we are spending \$1,163,356. I, as a member with some experience of your secretariat, wonder what is going on.

You spend some time talking about native affairs and Patrick Hartt. Decency and discretion prevent me from reflecting on that particular aspect. I recall from my time as chairman of public accounts, Mr. Justice Patrick Hartt, or Patrick Justice Hartt—I have never figured out how they arrive at that particular nomenclature; perhaps he wants to be a bishop—the great spending he did as a royal commissioner. I presume he was shuffled off to this tripartite commission to keep him quiet, happy and off the bench.

Your function in regard to the native people of Ontario appears to me to be simply that of acting as minister, which I must say you do extremely well. You are sympathetic and open, listening to and assuring them that their views are being heard with a great deal of sympathy, that you in due course will get back to them, and that all these problems, difficult though they be, will be resolved.

It is interesting to note that the Ministry of Natural Resources has the direct responsibility for dealing with native land claims other problems such as fish and game responsibilities, what the treaties mean, and all of that. I do not see too much in what you have said to indicate that you do very much in that regard, other than providing a forum for these people to come in, lay their complaints on the table and get a very nice hearing.

You and I go back 13 years; you have been here longer than that. You have always been very nice, very polite, and have always assured me that everybody was under control; and yet, not a great deal happens.

Mr. Riddell: The ingredients of a good politician.

Mr. T. P. Reid: You cannot argue against survival in the political world. You may question a lot of things about the present minister but you cannot question his longevity or survival. Completely irrelevantly, just to lighten up the evening's proceedings, I may say that the minister, having said on at least nine occasions that he would not run again

now considering that decision and may in one more time. Given what he has told tonight, I do not blame him for running the more time.

As I have indicated, I like to ask about money; I would be interested to know what the transfer payments to the Indian Commission of Ontario actually entail, whether they are salary or services, and how those figures break down. One cannot help noticing that those figures have risen, not exponentially, but in 1978-79 they were \$66,840, in 1979-80, \$217,500 and in 1980-81 they have risen to \$308,400. My ordinary mathematics tells me that they are rising at a fairly great rate. Between 1978 and 1979 they increased over three times, and between 1979 and 1980 they increased by at least 50 per cent. That is an increase most members would like to cut and, certainly, more than the average increase in almost every other area one can point to.

I was interested in your reference to this fantastic committee on wetlands, a very important problem. Perhaps it is not of particular interest to people who do not understand the environment, geophysics, forestry or that kind of thing, and I do not pretend to be an expert on the subjects; but I would certainly like to hear an expanded explanation of what that is all about.

I have spoken about this so often that I may have missed you, Mr. Minister, although it is not likely. I do recall that, in last year's estimates, I was concerned about the land use policy of the province of Ontario, which again comes under the Ministry of Natural Resources. They are the line ministry and control the crown land, and we probably have one of the most ridiculous land use policies of crown land in Canada, if not in North America.

I will not bore you with an account of how we allow nonresidents to spend up to three weeks on crown land to hunt, fish, and blow their garbage out. We cannot control them and they are putting impossible pressures on our resources of fish and wildlife, cutting down the trees for firewood and so on.

These things have a great impact on northern Ontario, as I would hope the minister is aware; as a former tourist camp operator I would think he would be very sensitive to this.

I suppose the thing that sticks in my mind that bothers me the most is that in 24 pages that should be a justification of the minister's ministry, the people sitting in this house and the \$1,163,000 of taxpayers' money, I do not see any such justification for the existence

of this ministry. It is an old speech; you have heard it before and you will hear it again. But I think it is up to you to justify to the taxpayers of Ontario that expenditure of over \$1 million.

I say with respect and affection that you can say a lot of things, but you cannot dislike Rene Brunelle. However, he has not justified that expenditure.

If I may digress: in 13 years in the House, I have seen the minister exercised in the Legislature on only one occasion. That was the first time that I, as a 25-year-old, first-time member of the Legislature doing the estimates of the Ministry of Natural Resources in 1968, called the minister the foul, indiscreet, low-blow name, "marshmallow." I did that, I suppose in retrospect after 13 years, because we all, with respect, become somewhat conservative over time. I called the minister a marshmallow, and he rose to his feet in high dudgeon and indignation and said, 'What do you mean, I'm a marshmallow?'

8:50 p.m.

I am not sure I should not repeat that, because I would like to get a response out of the minister in defence of his ministry and the \$1.1 million he is spending. I want to hear why his ministry exists and what it is doing. There is no justification in these 24 pages for the minister and the people sitting here to exist.

I want to hear specifics of what your ministry has done. I do not want to hear what the Ministry of Energy is doing. I do not want to hear what the Ministry of Industry and Tourism is doing. Those are other estimates and other responsibilities. Those ministers and civil servants have to justify their existence when they come before a committee. They have to say, "This is what we are doing or trying to do." But, with respect, you do not do that. You did not do it last year. You have not convinced me. Jack Johnson is here to ask questions about the Niagara Escarpment Commission. I am sure he is.

**Mr. J. Johnson:** I sure am going to ask him.

**Mr. T. P. Reid:** There really is very little we can nail our finger on and say: "This is what you do. This is what you are responsible for," and see anything specific.

The minister will argue there is nothing specific his ministry can do. Its job is to co-ordinate. All right. Tell us about the co-ordination. Tell us what you have done about land use policy and how that has had

an impact on other ministries, whether it be Industry and Tourism, Natural Resources or Agriculture and Food. I would be glad to hear about that. When the minister says, "We hold meetings, and sometimes our high-priced help chair those meetings," I find it a little difficult to justify the spending of \$1,163,000 on that.

I am very disappointed, as I said earlier, that you do not refer at all to science and technology research and development in the 24 pages. I understood that was one of your major responsibilities. You talk about Indian affairs, native affairs, Metis and all the rest of it. I have talked to those people. I represent a lot of them, as the minister does. They come away from the meeting saying, as I have just said: "Mr. Brunelle is a very nice man. He is very sympathetic. We have never had a better hearing. He is very open to what we say." Yet nothing ever happens that they know of out of Mr. Brunelle's ministry.

I realize there are line ministries with particular responsibilities for what goes on. But these things go on and on. I am here. It is my job to ask questions about the money being spent on behalf of the people of Ontario. You have a lot of communications with native people. They are communicated to death. But could you point to some specifics where your ministry has had any effect or impact on what happens? The Ministry of Natural Resources has the line responsibility, and not only the line responsibility. In its estimates it had no reference to the Resources Development policy fields you list on page six of your briefing book: land and resources, hunting and fishing, wild rice, services to registered Indians. There was nothing—not one reference by the minister, Mr. Auld, or by any of his officials to indicate that they had ever heard from you, about you, by you or anything else. That may have been an oversight on their part, but I think it is indicative that nobody takes these policy fields seriously.

I notice, for instance, having spent a lot of time on native affairs, you did not refer to the ongoing commission headed by that well-known miner from Red Lake who took over from Justice Patrick Hartt, and who sort of disappeared into the woodwork. Is he here? I did not think he was here.

**Mr. Wildman:** Who does he report to?

**Mr. T. P. Reid:** He reports to the Ministry of the Environment.

The minister has told us he has all these responsibilities for native affairs, and spends two or three pages on them. But our friend

reports to the Ministry of the Environment and that was a way, presumably, to shuffle it off. If you are co-ordinating native affairs one would expect these things would come under some kind of umbrella somewhere. Instead, we have the Royal Commission on Northern Environment under the Ministry of the Environment. We have Justice Patrick Hartt—or Patrick Justice Hartt, whatever he calls himself—out there somewhere. Everybody is very happy that he is being relatively quiet and not embarrassing the government, as he did. Then we have the Provincial Secretary for Resources Development saying he has the responsibility for communications with native people. At the same time we have the Ministry of Natural Resources dealing with Indian land claims and other matters.

Given all of this, I suppose observers of the scene would have to ask themselves what the real objective and what real function the Provincial Secretariat for Resources Development has. I could go on, and I will, to talk about things like one-industry towns in the north and matters relating to that, and the mining community, the forestry community, tourism in the north, matters that, it seems to me, deal directly with what your ministry should be dealing with.

Let me give you an example. In the estimates of the Ministry of Natural Resources I will not go on at great length—I dealt with the matter of the use of crown land and the fact that we are allowing nonresident tourists to camp for up to three weeks on crown land and not charging them anything. The minister is aware of this. We call them pork-and-beaners in northern Ontario. They come bringing their recreational vehicles, the camper-trailers, their boats and motors, the canoes, their trail bikes, and the whole lot. They come and spend up to three weeks camping on crown land.

9 p.m.

We also have the Ministry of Industry and Tourism involved in this problem. The ministry of Industry and Tourism is primarily concerned with one objective, that the statistics of nonresident visitors coming in Ontario should go up every year without a qualitative look at what those figures represent—not necessarily how much money visitors are spending in Ontario, which I have always presumed, perhaps crassly, was the object of tourism—but the actual numbers of bodies which cross the border without any reference to whether they are spending a nickel, a dime, a \$5 bill or a \$10 bill in Ontario.



That is an issue and a problem the minister himself, coming from northern Ontario, as a former—unless he is still in it—tourist camp operator, has to be concerned about. It is an issue that cuts across MNR, Industry and Tourism, Agriculture and Food, in some of the northern areas where we do have farms, and five or six other ministries. Somebody should come in and grab these people by the neck and say to them, "Listen, we all have to sit down and talk this thing out together; get our act together and come to some resolution of our common objectives and the impact they are having."

In 24 pages I do not see that. In 24 pages I do not see very much of anything. I hate to keep harping on that, but I do not see any reference to the potential in northern Ontario. I think that is what we are talking about when we talk about your ministry particularly. I do not see any reference to the peat deposits, which the government trots out regularly.

**Mr. Wildman:** They're in his riding.

**Mr. T. P. Reid:** Some of them or a large part of them are in the minister's own riding. I understand the minister made reference just yesterday, I believe in North Bay, to the fact that Ontario would be self-sufficient in oil or alcohol or I am not sure what, but I understood it would be self-sufficient in fuel—

**Mr. Wildman:** Heat.

**Mr. T. P. Reid:** I am getting to that—in 20 years, because of the reserves of fuel—or I understood it was oil in northern Ontario. I have not heard any reference to peat in northern Ontario, some of which the minister has in his riding, a great deal of which I have in Rainy River, some of which is in Kooragong, which usually has some significance, a great deal of which is around Attawapiskat, which needs a great deal of help. But I do not hear anything in these estimates about those kind of things, and yet the name of the ministry is the Provincial Secretariat of Resources Development.

We have an opportunity in peat to provide a great deal of energy in Ontario. It is a home-grown product, something that would go to make us somewhat self-sufficient, and yet there is no reference to peat in all these estimates. There is no reference again to peat, which the minister and his colleagues have been harping on for some time, but perhaps they are getting embarrassed by the lack of what is going on.

Accidentally, I would be interested to know I asked the Premier this question a year or so ago and I think it is a valid one—I believe

the Ministry of Natural Resources did a study, which indicated who owned or was responsible for the floor beds of the Great Lakes, James Bay and Hudson Bay. Those are fairly large areas within the boundaries of Ontario, and the minister may be right: there may well be oil under the Great Lakes, there may be oil or some useful substance in James Bay and Hudson Bay. Yet I do not see anything about that in the 24 pages.

I would like to ask the minister the specific question as to who owns the beds of the Great Lakes, James Bay and Hudson Bay. As I say, the Premier, in response to me a year or two ago, indicated there was an MNR statement that said Ontario did, although we have never seen that decision. Obviously, it has never been tested in court. I wonder what steps Ontario is taking to ensure that those resources, in fact, do belong to the province.

I would think, the way you people have mismanaged the economy, that if you could find some oil wells under James Bay you would be happy to settle for 43 per cent of the revenues, unlike Mr. Lougheed. I think you would be ecstatic—it would bail you out—but there is nothing in here about it.

**Mr. G. I. Miller:** Maybe we are sitting on an oil well.

**Mr. T. P. Reid:** We may be. My colleague points out to me we may be sitting on an oil well, not only in those potential areas but also elsewhere in southern Ontario. But there is no reference to that. There is a reference to the Ministry of Energy and energy-saving devices. It is really hard to be nasty to this minister, but goddam it, what the hell are you doing, Rene, about these things? Where is there anything in 24 pages about the resources of the province and what you and those people sitting back there—all smiling—are very happy with the exception of one—are doing about these things?

**Mr. McKessock:** There are two.

**Mr. T. P. Reid:** I am sorry, my colleague points out there are two not smiling. Sometimes with civil servants it is hard to tell the difference.

What are we doing with these things? If we go through the briefing book, we see all kinds of advisory groups, cabinet committees, the Royal Commission on Electric Power Planning, policy co-ordination, and it goes on and on—watershed studies, the cabinet committee on resources development.

I would like to ask the minister whether he has made a submission to the select committee on plant shutdowns, because there is no one who knows or should know more

about plant shutdowns than the Provincial Secretary of Resources Development. I can talk about Atikokan, Steep Rock and Caland—and I am going to write the chairman of that committee to suggest that he use those as a case study. We have Capreol, we have all kinds, and we are going to have more examples of plant shutdowns or resources running out of one-industry towns, a subject that I have been banging on for I do not know how many years. Yet I do not see any studies being done by this ministry, by Northern Affairs, by Natural Resources on the general question of one-industry towns in northern Ontario in most of which, I think, we talk about resources development.

The response to me in the past has been that these are all specific and individual cases we have to deal with. But I suspect the select committee is going to come up with a series of recommendations that will deal, at least in a general way, with certain guidelines that should be employed when plants shut down, whether it be in Hamilton, St. Catharines, Windsor, Toronto, Atikokan, Capreol, Sudbury, or wherever it be.

9:10 p.m.

I don't see a great deal in these estimates, and that bothers me. It really bothers me because, as I say the Committee on Government Productivity recommendations had a valid point to them. All I see is the ministry being a somewhat sophisticated public relations team with the job of listening to people who come in with beefs, complaints or requests for action. These are shuffled off by the line ministries, who are busy with the day-to-day work of the government, to the good old Resources Development secretariat, where they will get a very sympathetic hearing and the assurance of Rene Brunelle himself that, in due course, these matters will be looked into and he will "get back to you."

If that is not good enough, the minister himself will direct the staff to go out and hold meetings in your very own community, when all of these matters can be raised. Furthermore, if that is not sufficient, these concerns, complaints, objections or recommendations will be forwarded to the line ministry, which I am sure will deal with them promptly and expeditiously.

I can see the minister, in his soft-spoken, very polite, very gentlemanly way, dealing with those people who come in wanting to take his head off, calming them down and assuring them that all will be well. All is not well. We are in trouble in northern Ontario. We are in trouble in the resource industry. The response of the government to the re-

source industries has been to provide grant to pulp and paper companies: that is almost the sum total.

I would be derelict if I did not say that I think the government has done fairly good work in Atikokan, as far as it goes, particularly in building the hydroelectric plant. I might say, parenthetically, that I am pleased. I just noticed that one of my constituent from that very town is with us tonight. Incidentally, he got the highest number of vote and is the first councillor on the Atikokan council. I am sure that he, as a citizen of northern Ontario, would be interested in the minister's remarks about what the ministry is doing to ensure that resources be developed in a complete and comprehensive way, that we provide employment for people in northern Ontario, and that we ensure some kind of stable economy. Maybe I am wrong; maybe that is not the mandate of his ministry. I so, I am sure the minister will tell me I am wrong, and will justify the expenditure of over a million dollars by his ministry.

I can tell you I have been disappointed over the years in the operation of this ministry, in what it has done and tried to do; am disappointed in the minister for not being more aggressive and not providing more leadership in matters of which I think it should be more aware than anybody else—that is, what is not happening to resource development in Ontario.

In conclusion, I hope the minister will do a better job of justifying his existence and that of his ministry than he did last year of this year. A lot of people depend on him and his ministry to do something about resource development in Ontario, particularly northern Ontario, to ensure that jobs be provided and these resources be developed in some kind of reasonable and rational way to benefit the people not only of northern Ontario but of all of Ontario.

**Mr. Wildman:** Mr. Chairman, like my Liberal colleague, I have some difficulty in acting as critic for this secretariat because we have some difficulty in understanding exactly what the minister's role is. When the reorganization of government was recommended initially, many people took the creation of the policy secretariats to be the creation of something like super-ministries, something like the Quebec model. What we find is investigating the role of the minister is really something more akin to a mini-ministry, rather than super-ministry.

The minister's role seems to be more that of a chairman of committees which discuss policy initiatives taken by line ministries

When he says he is involved with co-ordination and is a facilitator, it is difficult really to get a handle on exactly what that means, especially when you consider, in terms of northern Ontario, the role of the Ministry of Northern Affairs.

We are involved in the discussion of the Ministry of Northern Affairs estimates in the House, where the minister has indicated that his role is, indeed, that of a co-ordinator of ministry and government policies for northern Ontario. I realize the Ministry of Northern Affairs is part of this policy secretariat, part of this policy field, just as it is part of the other policy field. It appears, in terms of resources development, that we have two co-ordinators for northern Ontario and two facilitators. I have never been able to understand the relationship between this policy secretariat and the Ministry of Northern Affairs.

**Mr. T. P. Reid:** It does not refer to him in 10 pages.

**Mr. Wildman:** I realize this minister and his staff chair a number of meetings, and I realize that is a very important role, as the chairman of the committee here would indicate to us; but I wonder what that means. A chairman, as many of us realize, can be of different sorts. You might have a chairman who simply acknowledges the members wishing to speak and who tries to keep some kind of decorum, or you might have a chairman who attempts somehow to oversee the discussion and to direct discussion in certain areas.

I don't really feel this minister directs the "co-ordination" of policies of the various ministries within his field, and I seriously do not feel this ministry has any kind of co-ordinating role which is over and above that co-ordinating role of the Ministry of Northern Affairs. Quite frankly, I am a little leery about the co-ordinating role of the Ministry of Northern Affairs.

9:0 p.m.

**Mr. T. P. Reid:** With some justification.

**Mr. Wildman:** As my colleague from Rainy River realizes, I pointed out in that ministry's estimates a number of contradictions between that minister and the so-called line ministries whose policies and approaches he is supposed to be co-ordinating. It is interesting that in his leadoff statement the minister makes no mention of the Ministry of Northern Affairs. It would be interesting to find out exactly what is the relationship. Is this minister is a co-ordinator and a facilitator and the 17 advisers—I do not know whether they are all here tonight—he

has working for him are the people who are carrying out those kinds of roles, I would like to find out the exact relationship between this secretariat and the Ministry of Northern Affairs.

Does this minister just chair meetings? If that is his main role as well as welcoming delegations which, as he points out in the briefing notes, is one of his main roles, does he really need that big a staff to carry out those functions? I will attempt to move to a number of the specific areas this minister deals with in his lead-off statement, to talk about what he does and to try to get a handle on what this ministry is involved in.

Before I do that, I would like to say that from my personal point of view—I am not necessarily speaking for my party or my caucus when I say this—I think there is a role for a so-called super-ministry. There is a need for some kind of consultation and co-ordination among the various ministries to ensure that what they are doing complements each other and that we do not have a lot of ministries working at cross purposes. When we have two ministries that claim to have the same role in one geographic area of the province one begins to wonder. I realize this secretariat covers the whole province, not just the north but, being involved with resources, obviously one would think it would have a major say in what happens in northern Ontario. I hope we can get that straightened out.

I would like to deal with some of the specifics. First, the minister claims he has been very much involved with a number of specific projects, one being land use and the development of land use policy. My colleague from Rainy River raised the question of the management of crown land. I will not go into that in detail except to say I have serious concerns about what have sometimes been referred to as pork-and-beaners, tin-can campers, or backpack tourists who come in and treat our Ministry of Natural Resources access points at lakes or launching ramps as public campsites although we do not have any facilities for sanitation, garbage collection or whatever. The Ministry of Natural Resources seems very reluctant to enforce any kind of policy to try to ensure these visitors stay in provincial parks or, for that matter, in private campsites so that we can have some kind of control.

In my area and the area of the Speaker of the Legislature (Mr. Stokes), we have an area called White Lake, where we have tremendous numbers of visitors from Michigan and Ohio, even from Pennsylvania and



Wisconsin who come and stay for two to three weeks, camping out in the bush. The Ministry of Natural Resources somehow has to deal with the garbage collection and it does that in a haphazard way. It hires students who go out and supposedly clean up, but there is very little control. There are places in the southern part of my riding where people from Sault Ste. Marie—it is not just foreign visitors—go out and camp for an extended length of time. There are no facilities at all and there seems to be no control at all.

As a matter of fact, I went to the Ministry of Natural Resources once to complain about this and they said, "The OPP should cover this," so I went to the Ontario Provincial Police and I asked them, "What are you doing about this matter?" They said: "What can we do about it? If we stop beside someone who is camped on the side of the road and complain, all the guy has to say to us is that he is too tired to drive and he has to stay overnight. Absolutely nothing can be done because an OPP officer cannot force someone to get dressed and drive away if he is too tired to drive." Of course, I did not pursue it but it seems to me if someone stays two to three weeks he must have been damned tired. At any rate, it seems to me we have no real control in those areas. It is a major problem and is something that should be dealt with.

A major area the minister did not mention at all in terms of land use was a problem our party has been dealing with for some time and one that I know other members of the Legislature are concerned about as well. That is the disappearance of farm land throughout Ontario. The Ministry of Agriculture and Food has developed guidelines to advise municipalities to try to deal with this problem but, as far as we are concerned, those guidelines are really ineffective and do not deal with the problem.

Related to this problem, of course, is the question of foreign ownership. I know my colleague, Mr. Riddell, as well as the member for York South (Mr. MacDonald), has raised this question on a number of occasions and is concerned about the amount of German, European and even Arab money that is purchasing farm land in southern Ontario. I want to advise the minister, as he may be aware, that this is becoming a problem in northern Ontario as well. A number of German investors have made it known they are interested in purchasing prime lands in my area, whether it be farm land or recreational land. They are investing

the money. It is driving up the prices of land, prices which in the past have been substantially lower than the cost of prime farm land in southern Ontario. This makes it rather difficult for the young farmer to get into business and be able to compete.

The proposal made by the Minister of Agriculture and Food (Mr. Henderson) for a registry to deal with this is particularly ineffective, because while it may or may not tell us who is buying the land it does not do anything about it. I look at the policies of some of the western provinces such as Saskatchewan or even some of the eastern provinces like Prince Edward Island, not only towards foreign ownership, but even towards nonresidents, out-of-province residents who are purchasing land. I wonder what this ministry and this provincial government is doing in that area. I would hope the minister would be able to deal with that.

I was interested in the comments of the minister with regard to wetlands. I have a personal interest in this because right near where I live we have an area of lowlands on Lake George, a small lake between Lake Superior and Lake Huron which has been a wildfowl refuge for many years and has attracted many species of ducks and other waterfowl such as blue heron. It was recently purchased by a private developer who wishes to get permission to fill in the area and develop it as a subdivision. This has led to a great deal of controversy in the local area because the Ministry of Natural Resources has raised objections and the local residents who have been very concerned about it, have raised objections with the municipal council.

9:30 p.m.

The municipal council has taken the position that if the Ministry of Natural Resources objects to this area being developed should purchase it, to which the Ministry of Natural Resources responds: "All right. On what basis would we value the land? Would we value it on the basis of undeveloped swamp land or would we value it on the basis of its potential as subdivided development land?" Obviously, there is a major difference in the amounts that would be paid for those kinds of lands.

On top of that, the Ministry of Natural Resources has no real policy for the purchase of such lands. We have had the question in Point Pelee, in southwestern Ontario where a private club has turned land over to the crown for no charge, but I do not know if we have any precedent for the Ministry of Natural Resources purchasing wetlands. I know some of the conservation authorities

southern Ontario have purchased wetlands but I do not know of any direct purchase by the Ministry of Natural Resources. I wonder if your studies on the wetlands have really led to any policy in this area. It seems to me if mankind is so shortsighted it ignores the ecology and the need for the preservation of our wildlife, in the long run we jeopardize our own existence. I would hope the minister would be able to respond to that.

In the particular case I am referring to, the developer has offered as a compromise to cede a 100-foot strip along the shoreline to the crown. Frankly, that will be an ineffective approach because the development of the rest of the property and the habitation of that area by people will scare off the wildfowl. They will end up over on the Michigan side where I understand the Department of Natural Resources of the Michigan state government has a wildfowl sanctuary. Some wildfowl have already moved across the borderline and more will go. I would be interested in exactly what the ministry's study of wetlands is doing and what policies it is developing.

I notice also this minister says he has been involved with the development of the Department of Regional Economic Expansion agreements. This raises a rather interesting contradiction I have come in contact with over the last couple of weeks. I understand that for some time the provincial government has been involved with the federal government in the negotiation of a DREE agreement for northern Ontario. Part of that agreement is a subagreement on tourism for northern Ontario.

I was particularly interested in this because of the proposals for the development of the King Mountain project north of Sault Ste. Marie, so I raised that with the Minister of Industry and Tourism (Mr. Grossman) during the discussion of his estimates in his committee in late October. At that time, the minister indicated to me that any decision on provincial involvement for the funding of infrastructure for any major development like King Mountain was dependent on the completion of the negotiations between the provincial and federal governments on a DREE tourism subagreement. He encouraged me to get in touch with my federal counterpart to encourage the federal minister to speed up the negotiations. Subsequent to that the developer, a Mr. Frank Rush who happens to be from Toronto, was quoted in the Sault Ste. Marie Star as saying that Mr. Grossman's

comments were "bull." That was the term he used and he was quoted on the front page of the Star as saying DREE was never considered to be a major source of funding for the development in question.

Subsequent to that, the Assistant Deputy Minister of Regional Economic Expansion in Ottawa indicated that, although they were interested in destination tourism centres such as the King Mountain proposal, the probable amounts involved in the DREE agreement would be too small to make any significant contribution to this development and that the agreement would not be finalized until the end of three or four months, whereas the developer has said he must have an indication from the government by the end of the year. In the meantime, Mr. Brock, who is director of the tourism development branch in the Ministry of Industry and Tourism, has indicated that ministry will make a commitment one way or the other, yes or no, to the development within the next couple of weeks, completely separate from any DREE negotiations.

Another thing the Minister of Industry and Tourism said in that area was that the Minister of Northern Affairs (Mr. Bernier) was the lead minister in those negotiations. Faced with these contradictions, I raised these questions in the Ministry of Northern Affairs estimates and the Minister of Northern Affairs indicated to me during those discussions that he was not the lead minister, that the Minister of Industry and Tourism was the lead minister. Obviously, there is a foul-up in the co-ordination role of the Ministry of Northern Affairs in this area. I wonder whether this minister, who happens to be a co-ordinator, knows what is going on, who is involved with the DREE agreement, who is the lead negotiator and who is doing what.

It is really inconceivable to me that the Minister of Industry and Tourism should not be fully cognizant of what is going on with the negotiations on a tourism agreement for a large section of the province like northern Ontario and that he would have his comments characterized by a private developer as "bull." Maybe I should qualify that by saying I have some sympathy for someone who says the Minister of Industry and Tourism's comments are bull.

I would like to get some inside information from this minister as to what is happening with the DREE agreements and as to who does what. If this ministry is involved with DREE negotiations and is involved with arranging these kinds of agreements, could

he give us some indication of exactly what he does and what the role of the other ministers is in these kinds of negotiations?

In the minister's comments during his leadoff, he talked about encouragement for job creation in the private sector. I am not surprised to hear that from a minister of this government, but I must admit I am a little disappointed because one of the problems we have in northern Ontario is that the private sector, which has concentrated on resource development in the past, has shown an unbelievable lack of concern for stable development in northern Ontario and for ongoing employment opportunities. This government, for some reason, remains determined to give incentives to that sector to provide employment opportunities. Somehow there is a kind of ideological blind faith on the part of Conservatives that somehow we are going to be able to persuade the private sector to do what it has never done in the past if only we give a big enough incentive.

9:40 p.m.

I fail to see it. You could use Sudbury as an example of a major centre in our area. We have a large work force, but all of us here would admit that Sudbury is a one-industry town as it is dependent on mining. If we look at the history of Sudbury, or Timmins for that matter, we see they are completely dependent on market forces. When there is a strong market, we have a large amount of employment; when there is a weak market, we have a lot of unemployment.

There has been no attempt by the private sector to diversify the economy, to provide a stable environment for economic expansion, but somehow this government believes that will change in the future.

I note one of the major concerns in the specific projects of this secretariat is demographic projection and how it affects provincial policy. In relation to what I was just saying, if you look at the population figures, we note over the last few years that the general provincial population has been growing while the population of northern Ontario has been dropping. I know the minister will be aware of this since he is from the north.

Look at all the studies we have had over the years. From 1957 on, we have had study after study about economic development and employment opportunities in northern Ontario. One of the major industries we have in northern Ontario is consultants' reports. The provincial government does a great thing for southern Ontario's consultants in northern Ontario. They hire one after another to study the problem the previous one had studied and

they come up with the same conclusions in most cases. Then they put the study on the shelf and nothing is done. I will admit it does help to circulate the taxpayers' money, but I do not know whether it does anything for northern Ontario.

We have in the whole of the province about 115 one-industry towns, according to federal figures. Sixty-five per cent of those one-industry towns are based on mining or forestry. As the minister knows, those kind of communities are completely dependent on international or national market fluctuations. The member who spoke before me talked about Atikokan and we certainly can see what effects the investment decisions of the private sector have in relation to marketing and in relation to the development of our bodies for one-industry towns.

The problem in the iron ore sector is that the steel companies in this province, which are largely Canadian-owned—they are a success story in terms of Canadian-owned industry in an environment which is mostly controlled by the multinationals in manufacturing—decided a number of years ago to invest in American deposits of iron ore. It was largely because of the Canadian dollar premium at that time, but it also was related, I will admit—to the quality and type of the ore. But now that they have invested, they have been stuck. They have a major investment in American mines, and a major portion of the iron ore they are now using in the steel industry is coming from foreign sources, and that has had unbelievably drastic effects on communities like Atikokan.

We have had very little response from the government except to be an apologist for the steel industry. Nothing has been done about Lake St. Joseph or Bending Lake, except the building of a road, and there has been no real attempt by the government to deal with the problems of one-industry towns. As a result, northern Ontario communities are unstable. People invest their lives and their savings in a community. When the company that community is dependent upon decides to move on, the people who have worked there lose their major investment. They have to throw away their life savings and their equity in their homes and look for something else.

The investors, of course, do not lose their money because they use the wealth that is generated from the northern resources to diversify their investment, not to diversify the communities. One just has to look at Inco's investments in the battery plant in Pennsylvania or in Guatemala and in Indonesia in other nickel deposits. We all know



where that wealth came from that enabled them to invest there. That wealth came from northern Ontario.

As a result, we have a net emigration from northern Ontario. There are just no job opportunities there and this government is doing nothing about it. Even in good times there are fewer job opportunities in northern Ontario communities than there are in southern Ontario, especially for young people and for women, because these communities are largely resource oriented and it is a heavy industry. It is not an industry that provides a large spectrum of job opportunities. We really have structural unemployment in those communities.

On top of that we have the high cost of goods and services. Our economy in the north is largely dependent on resource extraction and exportation, which means we end up having to import goods and services from southern Ontario, the finished product and other services.

The Ministry of Consumer and Commercial Relations, as the minister knows, has been carrying out studies over the last couple of years about food prices in northern Ontario. Consistently those studies have shown that northern Ontario residents pay substantially more than Torontonians for their food. Interestingly enough, Torontonians pay substantially more than many residents of southwestern Ontario for their food.

There is no reason on earth why we could not be producing more of our food in northern Ontario. The minister comes from an area of the province which is just north of the area that has the best land in this province, and that is the Tri-town area. Some people might argue that we do not have the same kind of heating units they have in southern Ontario. That is true, but we certainly have good land and we have the potential.

When I raised this in the estimates with the Minister of Northern Affairs he had a rather interesting response. Some of you may have been there when he made it. Apparently when I raised the issue he contacted one of the northern affairs officers in New Liskeard, and the next week he presented me with a 2-pound box of tomatoes from New Liskeard. He said, "Look at what we are doing in agriculture in northern Ontario."

**Mr. Samis:** Pork-barrelling.

**Mr. Wildman:** In this case it was tomato-barrelling. I will admit that in New Liskeard we have a Ministry of Agriculture and Food Technology school that is a good school, but it is hardly any real answer to the import

replacement problem we have in northern Ontario. I think the minister would agree we have a potential in the north and we should be developing it.

The minister himself has been involved with the controversy about eggs in northern Ontario—the fact that a lot of large producers in southern Ontario want to get the quota from northern Ontario—and the producers in the north are having a difficult time competing.

I think there are other opportunities for diversification of the economy of the north that we should be taking hold of. Agriculture is one. Obviously, the major possibility we have is to build on our resource base and to take advantage of it as a possible way of producing import replacement to cut costs of consumer goods and finished products, and to provide employment opportunities in Ontario.

9:50 p.m.

I am thinking of the interim report on economic development by the Northwestern Ontario Associated Chambers of Commerce task force. I understand this study was jointly funded by that body and the Ministry of Northern Affairs. Again, I am interested in the relationship of the Ministry of Northern Affairs to these organizations, as opposed to that of the secretariat.

Let us deal with the report of the chambers of commerce in northwestern Ontario. They have determined: "The best approach to the wide topic of economic development in northwestern Ontario is to look at the three major industries of the area, that is, pulp-and-paper/forestry, mining and tourism, and to determine whether these industries could provide a basis for secondary industry to develop."

Obviously, that is something for which our party has been pressing for some time. We must have the development of secondary industry in northern Ontario to provide jobs and job opportunities, and to lower the cost of living.

In this context, the study done by the Northwestern Ontario Associated Chambers of Commerce refers to the potential we have in northern Ontario for the manufacture of machinery parts for mining, pulp-and-paper and forestry. Again, that is something for which we have been pressing for some time. They make a number of recommendations for moving ahead in the mining parts industry. I am wondering when this government, the Ministry of Northern Affairs and this secretariat are going to respond to this report. What is your position on the development of

a mining machinery industry in northern Ontario or a machinery industry related to the forestry sector? What are you going to do about it?

It is our position that if the private sector will not do it, the crown should become directly involved and invest in the development of a mining machinery industry in northern Ontario. According to our calculations, we could produce about 4,500 direct jobs in northern Ontario from the mining machinery industry, and that would have a spinoff effect of something in the range of 9,000 additional jobs.

The Ministry of Industry and Tourism responded to this by holding a show in Sudbury to which they invited a lot of people, saying: "These are the kinds of machines we use in the mining industry in northern Ontario. Would you be interested in producing them?" It really did not lead to anything.

I wonder why this government feels the private sector is suddenly going to do what it has had the opportunity to do for 50 years and has not done. If they will not do it, why does the government not do it directly? It is not as if this government were opposed to investing taxpayers' money for development and job creation. After all, we have had the experience of \$140 million in economic development funds granted to the pulp and paper industry, despite the comments by the president of Spruce Falls that this was not needed, that they could modernize the industry on their own, that he believed in free enterprise and did not think the government should get involved.

Mr. Samis: No handouts.

Mr. Wildman: That is right, that is what he said. I understand that, just recently, he said, "Oh, well that was a year ago," and that it was a general comment not referring specifically to the grant made to Spruce Falls. It sounds like a bit of rationalization to me.

To tell you the truth, Mr. Minister, when I read a speech by an unstructured free enterpriser like the president of Spruce Falls, I have a twinge of regret that this government has seduced him away from free enterprise and persuaded him to accept the taxpayers' money for something he said he did not need. We talk about welfare bums and there is always a discussion about people's taking handouts from the government.

Mr. Samis: Why should I take a handout if I do not need it?

Mr. Wildman: My colleague says why should he take a handout if he does not need it.

Mr. Samis: No, I am just having a little dialogue with Mr. Lane.

Mr. Wildman: Frankly, I cannot blame Spruce Falls for taking a grant if the government were going to give it to them. You say to somebody, "Here is a couple of million dollars; do you want it?" I would find it hard to believe if one of these guys were to say, "No, I do not want it." The president of Spruce Falls rationalizes the whole thing by saying he had to accept it in order to remain competitive, because other companies were getting those grants as well. This government is obviously interested in investing the taxpayers' money. I just wonder why they would do so in the form of grants to companies which say they do not need grants, and which academics have studied and said the same.

I know the Premier (Mr. Davis) has rejected the study by Lakehead University which indicated that although modernization and pollution controls were needed the industry could have done these things on its own. The Premier has said that is just a report done for the Royal Commission on the Northern Environment and not necessarily a position of the commission or of his government. Of course it is not a position of the government.

If the government is prepared to make grants of major sums, why is it not prepared to become directly involved itself so as to have equity and get a return, not just in terms of jobs? I will admit that modernization and the installation of pollution control devices does produce jobs. They would get a return not only in jobs, but also in profit. As I understand it, it is a basic tenet of free enterprise that when you invest money you get a return on that money.

The ironic thing about our society and economy today is that the free enterprise ethic has been turned upside down; the government runs to provide funds either to people who do not need them or to those who do need them but for enterprises which are unprofitable.

To digress for a moment, the federal government owns Nordair. It is making a profit so they have to privatize it right away. It is an interesting approach. It seems to me if you are going to invest public funds and take over companies, you take over the winners, not the losers. I do not want the losers, I want the winners.

**Mr. McKessock:** Winners are not for sale.  
**Mr. Wildman:** They sure are. We bought Ordair.

**Mr. Samis:** Why take the losers?

**Mr. McKessock:** If you pay enough money, anything is for sale.

**Mr. Wildman:** As soon as they found out Ordair was a winner, the federal Liberals wanted to privatize it again. Instead of free enterprise, it is basically what you might call socialism for the rich. I would just say it seems to me we should have been investing that money in the area of reforestation where it is really needed, rather than giving grants to companies which did not need them.

According to the president of Spruce Falls, initially anyway, he did not want them.

Would you like me to adjourn the debate at that point?

**Mr. Chairman:** I think so, because we will have three hours left. I do not know when the minister will be able to reply because the Minister of Agriculture and Food is set for tomorrow morning at 10 o'clock.

**Mr. Wildman:** Mr. Chairman, I have not finished my initial comments.

**Mr. Chairman:** We will have to come back to you when we return again. There are three hours left for this discussion.

The committee adjourned at 10 p.m.

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Ontario

No. R-47

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food

**Fourth Session, 31st Parliament**

Wednesday, November 19, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, NOVEMBER 19, 1980

The committee met at 10:09 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

**Mr. Chairman:** The meeting will come to order. I see all parties represented. We will attend the minister the courtesy of making an opening statement.

**Hon. Mr. Henderson:** Thank you, Mr. Chairman, members of the committee and members of the audience. Before I go into my opening statement—I am speaking a little bit prematurely—I want to inform the opposition parties that this morning in cabinet I have an order in council for supplementary estimates for the hog stabilization fund. We have those cheques ready to go out, and it could be our hope that we can table them on Friday. If you have any questions on them during the term of our estimates, I would like to include them. I just wonder if that is any problem to the opposition parties. It is \$9 million. It is a little over \$9 million in all, but we had \$2 million in the fund.

10:10 a.m.

**Mr. MacDonald:** We are getting quite used to coping with these pre-election distributions of goodies.

**Hon. Mr. Henderson:** With all due respect, this was not pre-election.

**Mr. MacDonald:** Are you in total retirement or partial retirement?

**Hon. Mr. Henderson:** Total. With that change, we are off to a good start.

Since taking over as Minister of Agriculture and Food on August 30, 1979, from my colleague and good friend the member for Durham-York (Mr. W. Newman), it has been a great opportunity for me to meet with many farm organizations. I want to say it was a real pleasure to come into this ministry following Mr. Newman. He took care of his job in an exceptional manner. There is never a day goes by that I don't get told, and not always by the opposition parties, "If you would just do it the way Bill Newman did it, there would be no problem." I am not sure I

should be giving you that compliment, Bill, but I'll give it to you.

The estimates for the Ministry of Agriculture and Food for the fiscal year 1980-81 amount to \$208,573,016. This represents an increase of \$11,377,396 over the 1979-80 estimates, or about 5.7 per cent. For the 1980 production year, farm cash receipts are projected to be \$4.12 billion, a four per cent increase over 1979. That makes Ontario Canada's largest agricultural province by far in terms of receipts at the farm gate.

**Mr. G. I. Miller:** Mr. Chairman, do we have pages 2 and 3?

**Hon. Mr. Henderson:** They will be available by the time we finish. I just got this put together before I came over here.

**Mr. Riddell:** How much time did you spend on the agricultural estimates?

**Mr. Haggerty:** He is up at five every morning.

**Hon. Mr. Henderson:** Not quite.

**Mr. Riddell:** Is this just what you got together this morning since you got up?

**Hon. Mr. Henderson:** We will have them available before you finish your opening remarks.

On the other side of the equation are costs. These too have increased. Operating expenses and depreciation charges are expected to reach \$3.68 billion, an increase of 16 per cent over 1979.

I would like to take a few minutes at this point to discuss some of our crops and commodities on an individual basis, to give some indication of how the year has gone in agriculture. Ontario produces 86 per cent of the country's grain corn crop. At one time, we produced 95 per cent of it, but the varieties developed to grow in cooler parts of Ontario grow equally well in other provinces. Nevertheless, we are and will remain the nation's major corn producer.

The 1979 grain corn crop reached a total of 169 million bushels, with a farm-gate value of \$494 million, making corn the highest valued crop in Ontario. The 1980 crop is expected to reach 184 million bushels and

return about \$600 million to producers. Prices for corn are good this year because of a number of international events, including the Soviet crop shortfalls, the large US sale to China and disappointing crops in a number of other grain-producing areas such as Australia.

The market outlook for corn over the long term appears encouraging. It will, of course, continue to be a prime livestock feed, and its use in the starch and distilling industries continues to increase. In addition, possibilities may exist in ethanol production and the high fructose industry will create a new market. The corn sweetener industry will have the added benefit of replacing imports and creating value added in Ontario. Also, as a byproduct, this industry produces high protein livestock feed.

Ontario produces all of the commercially grown soybeans in Canada. Here, again, hardier and earlier maturing varieties are being developed, so we may see some encroachment from other provinces sometime in the future. The 1980 crop is likely to come in at about 24 million bushels, down slightly from last year's record. About 700,000 acres of Ontario farm land are planted to soybeans. Prices are expected to hold at satisfactory levels, again due to developments in the world grain market.

Ontario's potato acreage was 43,000 acres in 1980. However, wet weather, especially in the Alliston-Beeton area, reduced the harvested acreage to 41,500 acres. Prices for potatoes are expected to bring a reasonable return to growers as the North American price for potatoes remains firm. As with many of our commodities, returns to growers depend more on North American or world conditions than they do on local conditions.

Over the past year, there has been discussion on establishing a regional marketing plan for potatoes to include the five major potato-growing provinces of eastern Canada. The national Farm Products Marketing Council recently concluded a series of public meetings on a growers' proposal to establish a supply-management and quota allocation structure. The council is expected to report to Mr. Whelan by the end of this month.

Before any supply management plan can be established, Ontario will require that an expression of opinion poll be held among the province's producers. It is the policy of this government to require such an expression of opinion before any steps are taken to set up a marketing plan.

For the 1980 crop year, a relatively mild winter and good growing conditions led to

a large crop of excellent quality fruit. Peach production reached 32,000 tons, up 17 per cent over 1979. Planting of clingstone peaches, the variety favoured for processing, reached a total of 17,500 new trees. Also, there was a 30 per cent rise in the production of clingstone peaches sold for processing.

The change to a 12.5 per cent tariff is making it possible for our own growers to compete with the offshore product. This year, 3,900 tons of clingstone peaches came to market, an increase of 1,000 tons over last year. My ministry is co-operating with growers and processors in a program to increase plantings of this type of peach. We are aiming for an additional 10,000 tons of peaches for processing by 1990.

I might point out to members of this committee that it was the federal government's inadequate import policy that created unfair competition and resulted in a severe deterioration of our tender fruit processing industry. However, with pressure from the government and the industry, the tariff situation on tender fruit has improved somewhat. As a result, we are seeing improved demand for peaches for processing. I can certainly say that this government stands ready to assist in whatever way it can. The planting of clingstone peaches is one way. The promotion of Ontario food products is another, and we certainly have active promotion programs for Ontario-processed fruit.

The beef picture is complicated by the feed grain situation, especially as it affects US producers. The number of cattle and calves on Ontario farms increased slightly in 1980 over 1979, after several years of declining number. The greatest increase has been in the beef breeding herd, which is up by eight per cent. The rising price of feedgrains, however, may cause a levelling off in the buildup of the breeding herd. Prices for beef are expected to hold into 1981 because the beef supply in both Canada and the US is not expected to increase.

The hog situation has been tied to the beef market in some ways. When the price of beef rose, consumers switched to pork. As pork prices increased, there was some switching back to beef, which in turn strengthened beef prices. In April, however, prices for hogs were as low as they were in 1974. Nevertheless, pork production in all of Canada has continued to increase throughout the year but the prices have returned to more reasonable levels.

10:20 a.m.

Once more, the price situation reflects to some extent conditions in the US. Members will no doubt recall that large parts of the US were hit by drought and very high temperatures this past summer. This considerably reduced US hog production. As a result of decreasing supply, prices increased. Hog production will continue to be down in the US, so Ontario hog producers can reasonably look forward to a profitable period. I might add that the stabilization plan announced in the spring enabled producers to maintain their breeding herds through a bad period. Our producers are now in a better position to take advantage of the higher prices to be expected in North America.

As members of this committee know, food production and prices are affected as much by international events as they are by provincial events. While this government stands ready to assist our food and agriculture industries in many ways, there are a great many situations and events over which a provincial government can have no influence.

I will leave the discussion of commodities now and turn to my ministry's programs. My ministry's programs are all designed to keep agriculture in this province as a strong and productive industry. Over the years, our extension staff have assisted farmers with practical advice given through thousands of farm visits. They have spread information about government programs, about new discoveries and about new techniques of production and management. In fact, they are often the key contact a farmer has with his industry at large.

Our 54 agricultural representatives and their staff work many hours a day, often long over office hours are over. Their duties go beyond those I mentioned above and include assistance to many farm organizations in their counties. I know in my own county of Lambton I often see county office staff at agricultural meetings and often at other community functions as well. Agricultural engineers, home economists, soil and crop specialists and livestock specialists all provide this kind of service throughout the province. They are all backed by the support staff who keep all our field offices running smoothly.

Members will note that the estimates include an increase of approximately \$2.79 million, which is needed to keep these valuable services readily available to our province's food producers. I should like to point out to the committee that our system of agricultural representatives is the oldest one on the North American continent. We began this service nearly 75 years ago and we have had the

experience of seeing our system adopted with very little variation both in Canada and the United States.

Another item under our agricultural production program is agricultural drainage. This too is a program with a long and productive history. The first government assistance to drainage was started more than 100 years ago, and it has proven its worth over and over again. To date, about 3.5 million acres have had drainage improvements. We estimate that a little under three million acres still require improvement.

In the last 10 years alone, drainage has been improved on about 1.5 million acres. To accomplish this, farmers have spent approximately \$165 million of their own funds and have borrowed another \$135 million from the province under our drainage program. With agricultural productivity becoming more important, not only to us but to many other nations which buy food from us, my ministry's estimates include a figure of \$25 million for drainage debentures. As members may recall, last year's estimates for drainage were \$18 million. During the year, however, some changes were made to the program and, as a result, actual expenditures were closer to \$30 million.

Stabilization programs have been introduced at the request of the producers for five commodities: winter wheat, soybeans, white beans, grain corn and hogs. The hog program was established in the face of depressed hog prices earlier in the year. This program made it possible for many sow-weaner producers in this province to weather the low price period and remain in production. It gave confidence in the future to both them and their lenders.

At present, hog prices have picked up, and it appears that Ontario hog producers will enjoy reasonable prices over the next few months, due to increased consumption of pork both at home and abroad and as a result of the projected shortage of hogs in the United States. The payout on the sow-weaner plan will amount to about \$9.5 million, one third of which will be covered by the fees paid by producers who have joined the plan. The payout per sow will be just under \$50. For the other commodities, no payout is likely. Grain prices have picked up as a result of a number of world events, including a shortfall in Russia's grain harvest, the large US sale to China and some disappointing harvests in other areas of the world.

As members are aware, the crop insurance program is administered by my ministry,



while the fees are paid jointly by producers and the federal government. This year there were 28,100 endorsements covering 37 crops. Some dry weather early in the year will result in hay insurance payments being made in the northwestern parts of the province. Some extremely wet weather will necessitate payments in parts of southern Ontario, particularly in Essex, parts of Kent and in the area around St. Mary's. Also, it seems likely that wet weather late in the year all across the north will affect the spring grain crops.

The dry weather in the northwest, to which I have just referred, left many producers short of hay for their livestock. As a result, my ministry entered a joint program with the federal government to subsidize the transportation costs of hay into the districts of Thunder Bay, Kenora and Rainy River. The maximum subsidy is \$50 per ton.

Regulations to implement a financial plan for beef producers are in the final stages of preparation. I expect the plan to be in operation in the coming year. The fund will be built up through deductions of a few cents per head from all sellers of beef cattle and from packers purchasing beef cattle. Where a community sale or commission firm is involved in the transaction, a deduction will be made there as well.

It is proposed that the fund be administered by a board with representatives from the Ontario Cattlemen's Association, the Toronto Live Stock Exchange, the Ontario Live Stock Auction Association, the Meat Council of Canada and my ministry.

I will not attempt to give a comprehensive description of all my ministry's programs in the production and rural development area, but I should like to mention soil conservation briefly. New tillage practices are being developed and demonstrated to farmers; grass waterways are being encouraged to help control soil runoff; and crop rotations are being encouraged on soil where this can help runoff situations. Funds are available for manure storage and handling designed to conserve nutrients which can then be returned to the soil. Farmers are responding most favourably to these programs. In December, in conjunction with the University of Guelph, my ministry is running a conference on soil conservation. The conference will be held here in Toronto and present indications are that it will be well attended.

In the field of livestock testing, Ontario has breeding herds of the highest quality. For some years, the ministry has co-operated with breeders in performance-testing pro-

grams of dairy and beef cattle, sheep and swine. The dairy program has proven so popular that the demands exceed the resources of my ministry to expand it. We are, therefore, endeavouring to make other arrangements to expand the service by involving users in supporting it.

On the subject of agricultural technology transfer, under the eastern Ontario development program, my ministry is making funds available for the construction of on-farm demonstration projects featuring innovative technology. For example, a hog producer has constructed two greenhouses next to his hog barn and is heating them with warm air pumped from the hog barn. This man has already harvested a crop of tomatoes which went on the local market this spring in advance of the field tomatoes.

Another producer received backing to design and construct a special bin and furnace to dry corn. The furnace is fired with surplus wood from his farm. This facility is now in operation. In all, my ministry has received 36 applications and has approved 12 to date. I am hopeful that the northern Ontario agreement with the federal government will soon be completed. That will enable us to offer similar development programs to farms and farm industries in the north.

10:30 p.m.

The rather abrupt rise in interest rates this spring caused grave difficulty to many farmers who borrow operating capital at the beginning of the production year. To ease this pressure and help ensure agricultural production in the 1980 crop year, the government introduced an interest subsidy program. For eligible farmers, the government will rebate up to three per cent of the interest paid above 12 per cent of an operating loan between April 1, 1980, and December 31, 1980, on a maximum loan of \$75,000. Items covered under this program include seed, fertilizer, fuel, spray, feeder cattle and pigs and other operating expenses. Twenty million dollars was set aside for this program at the time it was introduced. The actual amount to be paid out will not be known until after December 31.

I should like to turn now from the production of agricultural commodities to the marketing of them. The market development branch of my ministry has developed a plan to replace \$200 million worth of food imports over the next five years and to increase exports by \$400 million in the same period. The export program is being expanded to take full advantage of all of

opportunities. My ministry now has permanent staff in Tokyo, Japan, and London, England. With the recent addition of another export development officer, we have been able to access the Latin American market. Early in the new year this ministry will be taking a livestock-selling mission to Venezuela, Ecuador and Mexico. All in all, about 75 Ontario food and agricultural companies will join in about 15 missions to various parts of the world this year. Ontario agriculture and food exports now stand at \$1.2 billion and are growing at 14 per cent a year.

The Foodland Ontario program, with which I am sure you are familiar, is designed to encourage our consumers and food industries to purchase Ontario-grown food and agricultural products whenever possible. This program has been carried out through media promotion and has achieved considerable success. It has helped to show consumers that buying Ontario products benefits consumers, producers and the provincial economy as a whole. Programs in which the ministry shares the cost with marketing boards and commodity groups have been successful and well received. The ministry will join with an estimated 20 commodity groups in shared-cost advertising in 1980-81 and will devote 25 per cent of the Foodland Ontario promotional budget to that portion of the program.

Import replacement for the 1980-81 period will stress a number of particular commodities, including tomato paste, strawberries for processing, peanuts and wine, to name only a few. Market and production research will be used to determine the feasibility of replacement and this information will be passed to potential Ontario producers through seminars. As members can readily understand, import replacement offers opportunities not only for producers but for job creation in the processing sector. Another responsibility of the marketing division is the administration of the Milk Act and the Farm Products Marketing Act which govern the marketing boards. At present, there are 24 active producer-elected commodity boards. About 40 farm crops and commodities are covered by these boards. The value of products marketed under the boards in 1979-80 was \$1.7 billion at the farm gate. This represents over 40 per cent of the total farm cash receipts. Marketing boards are continuing to perform the services for which they were originally set up, thereby bringing a measure of stability to the producers of the covered commodities. They are now able to plan their production

year with some reasonable assumptions about what their income will be.

I should like to turn now to the research and educational estimates. These represent investment in our future. Research ensures a continuously improving agriculture. Education ensures that the farmers of the future will be well trained to take advantage of every advance in agriculture and to contribute to those advances. Ontario allocates more funding to agricultural research than any other provincial government. At the moment, we are funding research into everything from agricultural building technology to disease control in plants and animals. In all, 940 agricultural research projects are currently being funded by my ministry. Investment implies a return. In the case of research investment, several years may go by before the returns begin to be felt. However, there is no doubt the returns are well worth the time invested.

Members may be interested to hear some preliminary results of a study my ministry is conducting into the returns on agricultural research. The average return is in the area of 40 to 1. For every dollar invested, society at large reaps \$40 worth of results. The study also shows that it takes about six years for the benefits of a project to begin showing. After that they continue on average for about 20 years.

Corn is an interesting case in point. In the early 1950s, varieties of corn were produced that would grow outside the warm southwestern Ontario counties. Over the years between 1959 and 1978, research improved the yields and hardness of these varieties. The research that originally produced those new varieties has resulted in returns of 80 to 1. This research also stimulated developments in the livestock feeding industry, leading to a great improvement in the nutrition and productivity. Today corn is the single most valuable food crop in Ontario.

Today's farmer needs a solid educational background if he is to keep up with developments in agriculture and make the best use of them. In 1980-81, my ministry's estimates include an item of nearly \$6.7 million for education. This is mainly for the funding of the four agricultural colleges and the Ontario Agricultural College at Guelph. In the 1980-81 school year, there are 1,475 students enrolled in the agricultural, food services and home economics courses offered by the colleges. Since 1904, 11,428 students have graduated from the various programs offered.



The current employment experience of the graduates shows that they have a higher-than-average record in obtaining work in their chosen fields. Many have found positions before they graduate; most of the rest are employed very soon after graduation. The majority of the graduates are still returning to primary agriculture. However, an increasing number are being hired by agricultural industries.

The average starting salary for our graduates in 1980 was \$15,000. This compares extremely well with beginning salaries in a number of professions. I might also point out that women now make up about a third of the graduating class. This is a considerable increase which has taken place in the last four or five years. Women graduates have the same employment potential as men.

In keeping with the changes in the educational field, the colleges have provided a great many part-time courses and short courses designed for the working farmer. The college at New Liskeard arranges its courses especially to take into account the distance that many students and farmers have to travel. For many years, the Ontario Agricultural College at Guelph has offered correspondence courses to people who wish to obtain a diploma in agriculture or horticulture but who cannot take the time to attend classes.

In recognition of the number of students wishing to take their agricultural education in French, my ministry will be opening a French college of agricultural technology. This college will be located in Alfred, Ontario. At the moment, we are in the process of selecting a principal. The opening of the school has been advertised in the local area to give high school students ample time to make their post-secondary educational plans.

10:40 a.m.

Under the heading of "special services," I should like to mention two services—diagnostic laboratories and meat inspection. The veterinary services branch runs six veterinary laboratories. They are located at Kemptville, Brighton, Guelph, Ridgetown, Centralia and New Liskeard. These laboratories provide an invaluable service and maintain the quality of agriculture in Ontario. Researchers and technicians perform hundreds of tests on samples submitted by producers in order to diagnose diseases. In fact, these laboratories are usually the first to detect any new or rare diseases. This means that the staff can take steps to help livestock owners and veterinarians control problems as

soon as they appear. In all, in 1979, more than 780,000 specimens were tested in the six laboratories and more than two million test procedures were carried out.

The meat inspection branch is also responsible for meat inspection in slaughtering plants not covered by the federal inspection service. There are 270 of these plants in Ontario, 17 of them in the north. In the course of 1980, another 15 poultry slaughtering plants are expected to be added to the total. In 1979, inspections were carried out on more than 970,000 carcasses. This service helps to ensure a safe, wholesome meat supply to the consumer. It also ensures that slaughtering facilities will be available at locations convenient to livestock producers.

Before I close my remarks, I would like to say a few words about energy in agriculture. As I am sure members are aware, energy costs are having serious effects on the cost of food production all the way from the farm through processing to the retail level. My ministry's principal concern is with the effect on the farmer and on primary food production. Some years ago we established an energy specialist at the Ridgetown College of Agricultural Technology. Since then a considerable library of information has been collected and made available to producers. We also support a great deal of research into agricultural energy. Several of the 940 research projects I mentioned a moment ago are devoted to finding ways to save energy. Several of the remainder have an energy component as part of the major research project.

This year I introduced a program to assist farmers to build on-farm ethanol stills so they can assess the possibilities of this alternative fuel. You will note also that the two technology transfer projects I described earlier were energy-related. My ministry has also been engaged on an agricultural energy policy committee in co-operation with the Ministry of Energy. This committee is expected to report early in the new year with a five-year plan for energy in agriculture. It is also expected to make recommendations for a long-term strategy.

In co-operation with our energy efforts, we recently established an agricultural energy resource centre with offices in Toronto. The centre serves as a focal point in my ministry for the direction and co-ordination of initiatives and information about the management, conservation and production of energy in agriculture.

This morning my remarks have covered only a few of the many services which



ministry offers to agriculture in Ontario. I could easily spend the entire 20 hours allotted to my ministry's estimates and still not do justice to the programs and the people who deliver them. It is a pleasure to be here again this morning and to present these remarks to this committee.

**Mr. Chairman:** We will now hear from the opposition critics.

**Mr. Riddell:** Mr. Chairman, once again, it is a pleasure to have this opportunity to spend a few hours on consideration of the estimates of the Ministry of Agriculture and Food.

As one looks around the room, one gets the feeling we are attending an Ontario Agricultural College alumni day rather than considering agricultural estimates. The high-powered help over there are mostly OAC graduates. Four members sitting here to participate are all graduates of OAC.

**Mr. G. I. Miller:** We are graduates of the school of hard knocks.

**Mr. MacDonald:** There are a few exceptions.

**Mr. Riddell:** As my colleague here said, there are a few who are graduates of the school of hard knocks. I quite agree with that too.

**Mr. McGuigan:** Guelph is a political hotbed.

**Mr. Riddell:** The minister's statement does not come as any surprise. It is just an extension of the type of thing we have been seeing for six months to a year. It is the government patting itself on the back with slogans like, "Where would you rather live than in Ontario where the waters are clean?" and "Preserve it, conserve it." It has a clean environment, including the work they are doing in energy.

One thing I have noticed, though, is that this ministry is not advertising the great works that are being done on television the way some other ministries are. As the Minister of Agriculture and Food, you would not dare because you cannot fool the farmers. If you ever tried, they would be here on the front steps of the Legislature with a noose. To then to you talk about the great things the Ministry of Agriculture and Food has done, they would almost think a large part of the total provincial budget was spent by the Ministry of Agriculture and Food. I am going to tell you how much was spent as I get into my opening comments.

We in this party and the farmers of the province are concerned because of the lack of commitment given by this government to the agricultural industry in the years ahead that

we will not be able to fulfil our responsibility to provide efficiently and economically the food needed to feed the growing population of Ontario, Canada and for that matter, the world.

As I give my opening statement I am going to be asking some questions. I want answers to these questions. I have been here seven or eight years. One sometimes wonders if it is not an exercise in futility discussing these estimates because the minister seems to sit there, turn a deaf ear and, in many cases, does not reply to the questions we ask. We sometimes wonder if we are not just batting our heads against a brick wall. I know the questions I am going to be asking. I am going to be looking for answers to these questions, so I hope you will get your people sitting beside you to jot down the information I want to have before these estimates are over.

Farmers today are facing increasing pressures from many sides—economic pressures, land pressures and social pressures. When our farmers view this government's support for agriculture in relation to the assistance provided to farmers by other provincial governments and by other countries, they despair at the prospect of becoming noncompetitive.

The Ontario government's forecast of 1980-81 agricultural expenditures as a percentage of total budgetary expenditures is one per cent, one of the lowest in Canada. If one takes out tile drainage debentures, which are loans forecast at about \$25 millions, the crop insurance subsidy of \$13 million, which is paid back by the federal government, and the farm tax rebate amounting to about \$54.6 million, which should not be paid by the farmers in the first place, we are left with a government commitment to agriculture in this province which is less than one per cent of the total budgetary expenditure. It amounts to 0.53 per cent.

Compare that to the other provinces: Alberta, 1.64 per cent; British Columbia, 1.2 per cent; Manitoba, 1.59 per cent; New Brunswick, 0.78 per cent; Newfoundland, 1.91 per cent; Nova Scotia, 1.29 per cent; Prince Edward Island, 4.75 per cent; Quebec, 1.77 per cent and Saskatchewan, 2.93 per cent.

One has to wonder just what the commitment of the Ministry of Agriculture and Food in Ontario is to agriculture. Speaking about commitment, in one of the latest editions of *Farm and Country* there was an article headed: "What Commitment? Where Is Agriculture Going?"

It says: "There have been predictions that by 1985 Canada should be playing a major role in feeding much of the newly developed world. Can we do it? Last spring top American officials made no bones about their target areas—oil rich Nigeria, OPEC countries, Communist China, Mexico and other nations who find it more economical to buy food than grow it themselves. Where are Canada's target areas? What are our objectives? How do we attain them?"

10:50 a.m.

The article goes on to point out the shortcomings in the federal government, which I will not dispute. Then it goes on to say "And should the Davis government feel it has done well in the area of agriculture, let us take a look at its record. Back in 1970-71, agriculture's share of Queen's Park spending of \$4.51 billion was 1.68 per cent. Ten years later it had dropped 1.3 per cent on spending of \$14.2 billion. Even here there is no solid commitment to an expanding agriculture, and the only faint glimmer on the provincial scene is a recent scheme that gives farmers up to \$15,000 for building on farm distilling equipment. At least this recognizes that farmers can play a role in the present fuel crisis."

I have mentioned almost from the day I became elected that this government and this ministry should conduct some research into the use of crops for the production of ethanol. You thought I was talking through my hat. The old pat answer was, "We cannot use our food products for the production of fuel alcohol. It is too expensive. Oil is far cheaper, easier to get at" and all that kind of stuff. The day has come when we are going to be using some of our agricultural crops for the production of energy. It is just that we are way ahead of you.

Mr. G. I. Miller: I want to interject, Mr. Chairman. There are 12,500 acres in South Cayuga which are class one and two agricultural land. They are promoting that for a waste disposal site. I wanted to interject that to my colleague.

Mr. Riddell: This government's commitment to agriculture is truly a sad commentary. Anyone who says the agricultural industry or the farming industry is highly subsidized in Ontario had better take a look at the commitment this government makes to the farming industry in this province.

There are a number of programs offered by other provinces in Canada, especially by the Quebec government. I have a list of about four pages of the public assistance and subsidies for Quebec farmers. I would like to take the opportunity to go over it but I am

not going to take the time. I would think the ministry has a copy of it. These provinces provide assistance to their farmers and I know some of our farmers would dearly love to have it.

I believe the Ontario Federation of Agriculture spent some time in its latest brief to cabinet back in April detailing some of the specific programs provided by the Quebec Department of Agriculture which has adopted an emphasis on agriculture and food self-reliance for several years now. Many of their programs are aimed specifically at improving farm production and increasing both productivity and total output.

There are policies and programs for Quebec and it is not only Quebec. Here is one for the Atlantic provinces entitled Policies and Programs for Agriculture. Here is one for the western provinces. I do not know whether you have a copy of those, but I would suggest you read them to see what commitment some of the other provinces have made to the agricultural industry.

Mr. J. A. Taylor: You will feel proud of Ontario after you have read them.

Mr. Riddell: Ontario has many areas of agriculture, and I will discuss some of these later on, where developments are in a marginal stage and natural disadvantages need to be overcome, or where we are losing an industry which at one time flourished.

I believe agriculture has become this government's forgotten industrial sector. This province was nearly self-sufficient in food in 1961, but is rapidly losing the capacity to feed its own citizens. There has been a steady decline in the position of Ontario farming in comparison with agriculture in Canada. For example, in 1968, Ontario's share of Canada's total farm cash receipts for cattle and calves amounted to 34.6 per cent. In 1979, this figure had declined to 29.7 per cent. In 1968, 37.3 per cent of Canada's total farm cash receipts for hogs belonged to Ontario. By 1979, this had declined to 34.8 per cent.

Ontario's share of dairy products declined from 38.6 per cent in 1968 to 35.4 per cent. For poultry, the decline was from 39.4 per cent in 1968 to 36.8 per cent in 1979. For eggs, we declined from 40.2 per cent of the national share to 39.2 per cent in 1979. For other livestock products, the decline from 1968 to 1979 was from 35.1 per cent to 30. per cent respectively. The only commodity where the Ontario share has increased in these last 11 years is for sheep and lamb. If we compare Quebec's share of Canada's total farm cash receipts for the same commodities from 1968 to 1979, we find that

opposite to Ontario has been happening and its share has been increasing rapidly. Quebec's share of cattle and calves went from eight per cent to 11 per cent, hogs from 23.1 per cent to 32.4 per cent and dairy products from 36.1 per cent to 37 per cent.

At the same time, there has been a growing dependence in this province on imported foods. In 1978, for example, Ontario imported approximately \$256 million worth of fresh fruit and vegetables and \$245 million worth of livestock. The potential for growth by replacing imports pales when compared to the potential for growth in exports. For example, imports of agricultural produce greatly exceed exports to the United States. In 1978, we exported \$2.8 million worth of onions but imported \$5.6 million. We exported \$566,000 worth of potatoes and imported \$9.5 million. We exported \$228,000 worth of tomatoes and imported \$18.3 million. We exported \$2.3 million worth of other crops, such as artichokes, mushrooms, parsnips, green peas and rappini and imported \$102.5 million. We exported \$31.1 million in processed vegetables and imported \$49.8 million.

We are definitely not utilizing our full capabilities in this province. Ontario farmers need meaningful programs from this government to restore and build their confidence and to stop the decline foreseen for agriculture in the 1980s. Self-sufficiency in food products for Canada is one of the major issues that provincial governments will have to face in the 1980s. This applies particularly here

Ontario which is Canada's leading agricultural producer, producing commodities worth about \$4 billion annually for farmers, yet importing food products worth \$1.5 billion per year. The loss of market share ultimately leads to a decline in production and agricultural land utilization.

The recent progress report of the consultative task force on the processed fruit and vegetable industry in Ontario detailed the extent of the demise of this important industry in Ontario and made a number of recommendations to the government that would require action if the situation is to improve. This industry has been injured to a major extent by the lack of government action. Two outstanding examples of the erosion of processing in Ontario are canned peaches, where imports rose from \$4.7 million in 1960 to \$18.4 million in 1978, and canned whole tomatoes, which went from imports of \$2.4 million in 1960 to \$13.2 million in 1978.

Believe me, if we can't produce tomatoes in this great province of ours, I don't know

who can. I know we do have some difficulties with peach trees because of frost, but give the farmers a market for their tomatoes and they will produce them until they are coming out of their ears. Yet, by golly, we import all these tomatoes.

**Mr. G. I. Miller:** No leadership.

**Mr. Riddell:** In fact, in the tender fruit industry in Ontario, between 1960 and 1978, 17 out of 20 fruit processing plants closed. You people dearly love to blame the federal government.

**Hon. Mr. Henderson:** You talk with two voices all the time, and you are doing it again this morning.

**Mr. Riddell:** In fact, in the tender fruit industry in Ontario between 1960 and 1978, 17 out of 20 fruit processing plants closed and an additional 25 processing plants discontinued fruit production. Today only one fruit canner and two baby food processors remain. The report notes that other provinces, especially Quebec, have recognized the need to provide financial assistance and have established programs to aid the fruit and vegetable producers.

11 a.m.

To the best of my knowledge, the tariffs are the same for Quebec as they are for Ontario—it is all laid down by the federal government—but they are not sitting back and saying, "It is the federal government, that damned federal government, and we can't do anything." Quebec is doing something. Just as my colleague says, there is no leadership here.

These products will displace Ontario processed foodstuffs at home and abroad, and I am talking about the Quebec production now. Ontario is becoming less and less self-sufficient in the production of fruits and vegetables, and this trend is forecast to continue. Don't go away, Mr. Newman.

**Mr. G. I. Miller:** Don't run away.

**Mr. Riddell:** Stick around. I may mention you before the thing is out.

**Mr. Lane:** On a point of order, Mr. Chairman: I wonder if the member could speak up a bit.

**Mr. MacDonald:** It is a product of his auctioneering. He is always speaking to the back where the bids may come from.

**Mr. Riddell:** As a matter of fact, I was at a meeting one time and the microphone broke down halfway through my speech. I said to the group at the back, "Can you people hear me back there?" One guy put his hand up and said, "No, I can't." The other guy at the front put his hand up and said, "I can hear



you only too well, and I would be glad to change places with him."

This trend is most alarming when we realize that Ontario has the resources to produce its total food requirements. In 1960, over 21,000 tons of peaches were processed and Ontario supplied about 50 per cent of the Canadian consumption. By 1978, the Ontario peach supply had dropped to about 16 per cent of the Canadian market and is now facing imminent collapse. Another aspect of the importance of the peach industry in Ontario is that if the tender fruit industry collapses, then about 65 per cent of the 23,000 acres growing grapes suitable for wine may eventually also be adversely affected because most growers have mixed acreages in order to reduce individual risks and operating costs.

In 1978, Canada imported 67.81 million pounds of tomato paste valued at \$24.97 million. An additional 71.46 million pounds of canned whole packed tomatoes worth \$13.48 million were also imported. All of this tomato importation, valued at \$38.45 million, could be eliminated in favour of domestic production here in Ontario.

Canada and Ontario are net importers of apple and apple products with a net deficit of \$13.5 million in 1977, of which apple juice and apple juice concentrates account for about \$3.8 million. Imports are reported to be growing rapidly. Seventy-nine per cent of Ontario's apple exports in 1979-80 were to the United States; another 10 per cent went to some of the newly developing countries. British Columbia, for example, exports to Taiwan, Colombia and Venezuela. The United States exports more apples to Taiwan than it does to Canada. Canada exports 2.8 million bushels of apples throughout the world; yet we import 3.2 million bushels from the United States alone.

**Mr. G. I. Miller:** Mr. Chairman, I just want to interject again. We could use a processing plant at Port Rowan for tomatoes. We could use a processing plant in Norfolk for apple juice. The future there is just tremendous. I think they produce more apples than any place else in Ontario, and there is a lot of potential to develop.

**Mr. Riddell:** Speaking of apples, Mr. Chairman, I received a letter here just recently which I would like to read into the record:

"Please find enclosed a copy of the letter I received from the Ontario Apple-Marketing Commission." I believe the minister received a copy of that. "These figures clearly indicate that the present government is doing a

very poor job of promoting apples abroad. This is quite serious when we consider the size of the 1980 crop.

"As an apple grower living in a large apple growing area of the province, I am very concerned."

Is that the federal government's problem the promoting of Ontario apples? I would think this is something in which the Ministry of Agriculture and Food should get involved.

It is gratifying to see that the government has provided a grant to establish a tomato solids plant in southwestern Ontario, but when is the minister planning to act on the other recommendations in the task force report? That is my first question. When are you going to act on this? On that same point, why is it that this task force was never allowed to complete its terms of reference and to prepare a final report?

It issued a progress report on July 27, 1979, to allow the minister to assess and respond to the recommendations prior to reconvening. However, no response from the minister was forthcoming. Does the absence of government action on this report indicate the government disagreement with the task force, or the belief that there is no problem in this most vital Ontario industry?

While I am a dealing a wee bit with promotion, when Mr. Newman first announced the Foodland Ontario program, he indicated that it would not replace existing programs but it did. You people withdrew from the Fresh for Flavour Foundation and you were giving so little to it in the first place. I believe \$5,000 was your contribution towards the four F's, as we call it. I believe your argument will be, "We came in with the great Foodland Ontario program and, therefore, we did not need it."

That is nonsense. The Fresh for Flavour Foundation is a national body that promotes Canadian products, and that is to the benefit of Ontario. Onions are a typical example. In the last year or two the Fresh for Flavour Foundation found a market for them after the supply had built up considerably in storage in Ontario. Because of the fact that somewhere between 60 and 65 per cent of the onions were produced in Ontario, it helped the Ontario situation tremendously. But, for some reason, you people withdrew from the program. I know that when we get into the estimates, my colleague the member for Ker Elgin (Mr. McGuigan) is going to elaborate on this more fully.

I think you had better look at supporting this foundation. They are asking for only \$40,000, which is not a great deal of money.

considering the promotional effort they make in order to promote not only Canadian products, but specifically Ontario products. They approached you about it and you said it was because of political embarrassment that could be caused to you by the opposition members that you did not want to get involved again in the Fresh for Flavour Foundation. That is a misrepresentation of the truth. Show me where the opposition members have ever criticized your involvement in the Fresh for Flavour Foundation.

**Mr. MacDonald:** I second that comment.

**Mr. Riddell:** I am getting sick and tired of the distortions coming from this government. I was very provoked when a group of Huron County farmers approached you about foreign investment and putting a freeze on land. You said, "Why don't you go to the opposition members and get them to introduce a private member's bill?" If you want to shirk your duties, why don't you people step aside and let somebody in who will run the bloody agricultural industry in this province the way it should be run? Now you suggest that opposition members should be doing your work and should be coming in with private members' bills.

**Mr. MacDonald:** There is one in there.

**Mr. Henderson:** Mr. Chairman, could I correct him or let him continue?  
10 a.m.

**Mr. Chairman:** You should let him continue and then you can.

**Hon. Mr. Henderson:** That is a complete misquote. I suggested they go to the county council and ask the county council to bring a bill through their local member.

**Mr. Riddell:** After the farmer visited you, they came to my office and they told me what you said.

**Hon. Mr. Henderson:** I told them to go to their county council.

**Mr. Riddell:** You told them to go to the opposition members and have them introduce a private member's bill.

**Hon. Mr. Henderson:** Through their local member.

**Mr. Riddell:** If I have to bring those six farmers in to verify what they said, I will do it.

**Hon. Mr. Henderson:** Bring them in.

**Mr. Riddell:** All right.

**Mr. MacDonald:** Let us deal with the issue. Why did you not introduce a bill yourself and amend your own?

**Hon. Mr. Henderson:** I will speak to that in my own will.

**Mr. Riddell:** I am saying that this government has to get back in and support the Fresh for Flavour Foundation because it is doing a tremendous job in promoting Canadian produce. It has regional areas throughout Ontario. Ontario stands to gain as much as any other province because of the efforts of this particular foundation. I will be looking for the minister to say, "Yes. Now that I know there is not going to be any political embarrassment caused by the opposition members, we will be glad to take \$40,000 out of our budget and give it to the foundation so it can continue its work."

If the foundation does not continue, we are going to be swamped by the Americans. They tried to advertise their products here a year or two ago, and it was only through the efforts of the Fresh for Flavour Foundation that was stopped; therefore, we had a continuing market for our own produce. So let us sink some money into those areas where it is going to do us some good.

Let me turn to the preservation of agricultural land. Here again is another lax commitment on the part of this government. I think the minister knows full well what I am talking about because of the questions I have asked in the Legislature. Ontario is doing very little to protect our prime farmland. Ontario farms have suffered successive declines in every census year since 1951. If the present trend continues, Ontario will be importing up to 60 per cent of its food needs by the year 2000. It is an urgent necessity that the Minister of Agriculture and Food take on a more influential role when it comes to the question of the preservation of agricultural land. Delegating the responsibility to the local authorities has only increased the difficulties at this level.

There is no question that if agricultural land is not focused on as an overriding provincial concern local objectives for growth will take precedence. The options exist in Ontario for industrial and residential developments on land which are less capable of producing food, but are none the less adequate for industrial production, servicing and good home sites. What is lacking is a government commitment.

Development in rural areas is becoming more and more common. If these intrusions are not stopped, farming will be severely restricted beyond all reason on our most productive areas. Rural lot severances have been granted at the rate of 12,000 to 15,000 a year. In 1979, the food development branch of the ministry reviewed only about 5,200 of the severance applications in southern Ontario.

Only in the last few months have local municipalities been required by the Ministry of Housing to send their severance applications to the Ministry of Agriculture and Food for its comments. Some of these counties have yet to comply with this requirement. Only about 66 per cent of those rural severances that were granted in 1979 in southern Ontario and commented on by the ministry were supported by the foodland development branch.

The Ontario Federation of Agriculture estimates there are now some 200,000 nonfarming homes in rural Ontario. This has a tremendous impact on farmers. The Minister of Agriculture and Food is doing no one any favours when he makes comments in support of allowing farmers to keep on severing lots to build more homes. When the minister argues that these severances are for retirement homes, everyone knows that retirement lasts for only a couple of decades at the most and that the houses are almost always sold to nonfarm people. Moreover, there are many retirement homes that have never been occupied by a farmer.

You will recall that just recently I asked you a question in the House as to why on your advice an order in council was issued to grant a severance of agricultural land in Vespra township to a Gordon Atkinson. That order in council overturned an Ontario Municipal Board decision and went against the township official plan. The minister returned with an answer but, after he had said everything, it really boiled down to the fact that this Mr. Atkinson, who ran a large dairy farm, had to have severances for his hired people.

I alluded to this in my questioning in the House and I am going to take the time to read a letter that was sent to the Premier (Mr. Davis) by an official of the township of Vespra. If this is not a damning letter, I do not know what is.

"Dear Sir,

"On January 17, 1980, the Ontario Municipal Board heard an appeal by Vespra township against a committee of adjustment decision to permit Mr. Gordon Atkinson a severance of land. Mr. Atkinson had made the original application to the committee of adjustment and indeed has maintained throughout that the severance was required to provide a house for hired help. It is at this stage emphasized that the official plan in existence at the time of the decision permitted severances in relation to agricultural land for certain reasons or purposes only and the housing of hired help was not one of those

reasons. Consequently, the township appealed the decision to the Ontario Municipal Board and the board allowed the appeal on the basis that the severance did not fall with the terms of the official plan. Mr. Atkinson then appealed the OMB decision by petition to the cabinet and on July 31, 1980, cabinet made the decision to uphold Mr. Atkinson's appeal and reinstate the committee of adjustment's decision.

"Upon learning of the cabinet's decision Vespra Township Council expressed anger, frustration and concern, and I write in order to express those feelings on their behalf. In doing so, I should make it clear that we are not commenting upon our right to grant or withhold severances to Mr. Atkinson or anyone else, but on the manner in which the most recent decision has been made and the principles involved.

"Perhaps I may comment by reminding you that it is at the government's request that indeed requirement would be a more appropriate word—that each municipality should produce an official plan and zoning bylaw relating to the land they govern. This township knows only too well the criticisms and penalties that have to be faced as a result of failure to comply with the requirement that an official plan be produced. The document is prepared by persons elected by the municipality as a whole with the assistance of professional planners and professional lawyers. During the course of the preparation, an official plan is subject to review and comment from the government's Ministry of Housing. Any issues in relation to such a document are dealt with by the government-appointed Ontario Municipal Board and, finally, the document has to receive the endorsement of one of the government's ministers.

"It is, of course, accepted that there will be from time to time, be residents who wish to seek an amendment or appeal against a particular interpretation of the official plan, and there is a set procedure through which such matters are dealt with. It is now apparent, however, that notwithstanding all the safeguards introduced by the government, it is possible for the policies within an official plan to be ignored if an applicant can impose sufficient political pressure when the matter finally goes on appeal to the municipal provincial body of politicians, namely, the cabinet. Certainly the decision of the cabinet cannot, in our view, be supported by a legality or desire to remedy an injustice. The statement accompanying the decision reads



"The site for the proposed severance is at the edge of the cluster of houses in a commercial area called Crown Hill in Vespra township. While the land is in agricultural use, the Ministry of Agriculture and Food consider that in this case, where the house is required for the purpose of assisting and catering for the petitioner's farm employees, the proposal should be approved."

1:20 a.m.

"The Ontario Municipal Board made a decision. The board, as council understand the position, represent a professionally qualified view on the matter before them heard in a judicial manner. The cabinet does not make reference to any legal impropriety in making that decision and does not attempt to fault the board in either its legal assessment of the position or on the fairness or justice of the same. There is, in our view, a misstatement in stating a view of the Ministry of Agriculture and Food. As far as this council was concerned, there was no support from the Ministry of Agriculture and Food for Mr. Atkinson's case. It may, of course, be that this was a political statement from the ministry and there were, of course, provincial politicians present at the hearing before the Ontario Municipal Board. In any event, the apparent support of the ministry for Mr. Atkinson's appeal was not apparent at the township's appeal before the Ontario Municipal Board, and this would appear, therefore, to constitute the introduction of new evidence on which the township should, under the normal rules of procedure, have the right to cross-examine."

"The question which council is bound to ask after this kind of decision is, what value is a municipally created document, created at the requirement of the province and with the subsequent approval of the province through the minister, if it can be and indeed is ignored by politicians without the apparent influence of any legal considerations. This kind of decision makes a mockery of requiring municipalities to create their own planning policy. It is another example of provincial government interference in the legal and proper administration of a municipality and such is to be deprecated. It brings into question any system which permits a body of politicians to act as a court of appeal when a judicial decision has been made. It is suggested by Vespra council that in no circumstances should a judicially reached decision be open to appeal to a body of persons subject to election or re-election."

"Unfortunately, the township has to recognize that, as in other instances that can be

cited, there is nothing further that can be done without considerable expenditure of taxpayers' money. If, however, the politicians who made this decision are in any way accountable to the persons who put them into office, then they are also responsible for an explanation as to the two grounds on which the Ontario Municipal Board's decision is now to be ignored. Perhaps, even more fundamentally, they should be required to explain how policies which the provincial government has approved and endorsed at the expense of the taxpayer can be so easily cast aside with so little justification. It would seem that while this township is the victim of a minister's zoning order, justified by the ministry on the basis that the township has exercised insufficient planning control, it must now be told that the regulations it has introduced can be ignored at the whim of those who found it appropriate to impose the minister's order in the first place."

"Vespra Township Council is both disappointed and disillusioned by this autonomous, dictatorial and, on the face of it, politically reached decision, and we intend to make our feelings known."

They are not the only ones. I have a feeling the people right across Ontario intend to make their feelings known about the inadequacy of this present government. I really think you people are going to find yourselves on the other side after the next election. This is not the only case where the cabinet has reversed the decision of the OMB. We took the time to go and talk to Vespra township officials and jotted down some notes. I am going to tell you what they said."

In February 1979, Gordon Atkinson, a prominent dairy farmer, applied for two more severances on his 47-acre farm. The committee of adjustment gave him one, even though it did not conform with the requirements under Vespra's official plan. Under that official plan, a farmer may obtain a severance if (a) he wishes to sell the farm and keep a lot for himself; (b) a farmer adds a second farm to his own and wishes to sever from that new farm the lot on which the farmhouse stands; (c) a farmer wishes to sell a lot to a son or daughter who works on the farm."

Mr. Atkinson said he needed the severance to provide housing for hired help. This is the old pat answer the minister gave in the House. The Vespra committee of adjustment accepted this argument, but Vespra township appealed the local decision of the committee of adjustment to the OMB in January 1980 on

the grounds that it conflicted with their official plan.

In February or March, the OMB overturned the committee of adjustment. The reeve and deputy reeve feel very strongly that there is no point in having an official plan if the committee of adjustment in the Ontario cabinet can go ahead and ignore it. That was outlined in their letter.

Listen to this: "They believe that political influence was brought to bear by Earl Rowe, former Lieutenant Governor, who was a business associate of Gordon Atkinson. Also, Atkinson was a fund raiser for George Taylor, Conservative MPP for that area."

You referred to the allegations I made in the House. You said, "Mr. Riddell made some serious allegations." You are damn right I did, and they were based on the information I was given by the reeve and deputy reeve of Vespra township and also the reeve of Oro township. "These reeves and deputy reeves privately asked George McCague, MPP, how the cabinet could rationalize the decision to grant the severance from a planning viewpoint, and all three heard George McCague state that the reason for the decision was strictly political."

How do you like that? The Chairman of Management Board of Cabinet was telling them the reason for granting the severance was strictly political. You fellows have to go. We cannot have government operated on the basis of political patronage. The reeves and the deputy reeves said that Atkinson does not really need this severance to build housing for his labourers and they have no doubt that he will sell it.

Can the minister tell me why one has to get a severance of land to build a house for a hired man? I would think if a farmer is interested in having hired men, he would also be interested in having houses to house the hired men. He does not need a severance. What is the point in getting a severance of land? It is obvious what he wants to do. He would love to get a severance, give as an excuse that he has to house a hired man and then when that hired man is gone, or when he decides to sell the land, he has two or three lots severed with houses he can sell for a good buck.

**Mr. MacDonald:** He is running a mini-subdivision.

**Mr. G. I. Miller:** Give him a better return and the farmer will survive. If they do not get the money, they can't survive. They have to do it one way or another. Give them a fair return; that is all they are asking for.

**Mr. McGuigan:** Why not a severance for his machine shop? That is as good an argument.

**Mr. Riddell:** It is ridiculous. It is ludicrous. It is almost unbelievable.

Moreover, the minister's point of view is not supported by municipalities concerned about preserving agricultural land. The Ontario Federation of Agriculture passed a resolution last December, urging that the minister and the government not promote such a short-sighted policy of permitting retired severances on farm land.

The government has repeatedly contradicted and undermined its own food land guidelines by word and deed. The government's behaviour on the matter of Barrie's annexation, on the development of the agricultural lands in rapidly-urbanizing Mississauga, the destruction of our fruit-growing areas of the Niagara region and the lack of any Ministry of Agriculture and Food input into the Ministry of Natural Resources policy on aggregate extraction, all these illustrate the inconsistency, the ambivalence and the lack of real policy on the part of this government.

Where has the government's presence been in all this? Where was it in the annexation of that good land in Barrie? Where was it during consideration of the land they want to gobble up in the Mississauga area for industry and residential development? I sat on the resources development committee when we considered the Pits and Quarries Control Act and there was not a person from the Ministry of Agriculture and Food making a submission in support of its food land guidelines—not one.

Does the minister get Conservation News? There is an article in it headed, "Ontario Agriculture Minister Asked To Defend Food Land Guidelines In Niagara Hearings." It says: "The following is the text of a letter sent on March 17 to the Honourable Lorne Henderson, Ontario Minister of Agriculture and Food, asking for government participation in the Niagara OMB hearings to defend his own food land guidelines." The letter reads:

11:30 a.m.

"The Conservation Council of Ontario has been following with interest and concern the Ontario Municipal Board hearings currently under way in St. Catharines on the official plan for the Niagara region.

"Our concern centres on the fate of 4,000 acres of tender fruit production. It is our understanding that only the Preservation of Agricultural Land Society, known as PALS



and its lawyer Mr. Peter Elliott are defending your ministry's food land guidelines.

"I am therefore, writing to you on behalf of the Conservation Council of Ontario to ask why you or members of your ministry are not present at these hearings in person to defend this farm land strategy.

"We believe that the government of Ontario have produced very valuable guidelines for the planning of our agricultural land resource and respectfully suggest that they be defended on such an occasion as this and that the government of Ontario should participate in this defence."

There is no agricultural presence in any of this. I do not know whether you are not proud of your food land guidelines or what it is, but you are not there to defend them. The provincial government has accepted the Simcoe-Georgian Bay area task force report and, in particular, the population projections of 125,000 in the Barrie area by 2011. This acceptance by the government is being used as evidence to support the annexation of land at Innisfil township by the city of Barrie.

Barrie's proposal would urbanize some 6,600 acres of class one, two and three agricultural land. Proposals by the township of Innisfil would provide alternative lands for annexation in class three and four to even land and could accommodate at least 10,000 people. Does the minister accept the boundaries for Barrie's development as proposed by the city? Will he be making representation at the OMB hearings against the city's plans?

What action does the minister intend to take to preserve the agricultural land in rapidly-urbanizing Mississauga—those lands known locally as the "hole in the doughnut"? As well as being top food-producing acreage, it is also under heavy pressure for residential and industrial development.

Traders' Associates is now developing a major industrial community on some 640 acres of these prime farm lands. What action will the minister take to preserve those 12,000 acres of food land in this area? I trust the minister received this booklet entitled, "Agri-City Concept: A Land-Use Plan Towards More Self-Reliant Communities." It is to do with this Mississauga land situation. I am just going to read a very small part of it here.

"The agri-city concept is aimed at preserving agricultural land and providing an alternative for development possibilities."

In the way, this was done by a group of diversity students, if I recall correctly.

"It is a land-use plan which offers interesting development potential as well as unique environment for residents of differing backgrounds and interests.

"The agri-city plan is designed to allow seven communities from 100 to 300 acres each, to be surrounded by agricultural land. Both rural and urban people would benefit from this arrangement. For example, farmers would have access to community facilities such as schools, places of worship and public buildings concentrated in public squares, and the urban residents would be able to enjoy a unique living environment in close proximity to the land which supports them.

"A rural environment containing urban and rural dwellers would be enhanced by the provision of a housing mix catering to a wide spectrum of individuals. Essentially, this entails provision of small clusters of efficient dwelling types—for instance, town houses, apartments, stack housing and single family homes—and the integration of individuals with different incomes to complete the mix. In this manner, a more varied flavour of individuals, both young and old, will emerge, providing a more balanced and wholesome community.

"The population projection for 'the hole in the doughnut' is forecast at 26,000 people and each community of 100 to 300 acres will house approximately 4,000 people."

So there is a concept that has been set out. I would hope the minister and his officials will have a look at that and be prepared, if they think it is a good idea, to defend it. This would be preferable to having urban sprawl throughout the entire acreage there in the Mississauga area which, as I indicated, is top producing food land, Mr. Chairman.

The one census division of Niagara alone accounts for approximately 81 per cent of Canada's grape growing area, 59 per cent of peach area, 55 per cent of sour cherry area and more than one third of the country's pear, plum, prune and sweet cherry area. Nevertheless, in the past 25 years, 51 per cent of the area in peaches and 51 per cent of all tree fruit areas have been lost. If this very special resource land in Niagara cannot be preserved, what prospects face other agricultural lands in this province? This is going back to the Niagara area where there has been ongoing consideration of the land in that area to be taken out of agricultural production and put into residential and industrial development.

Why has the minister been silent on the mineral aggregate policy of the Ministry of



Natural Resources? This provincial policy statement on planning for mineral aggregate resources will have serious implications on the preservation of agricultural lands. This policy statement does not mention agricultural lands once and will supersede all other ministries when making planning decisions. It was prepared by the Ministries of Housing, Natural Resources, and Transportation and Communications. The rumour I got was that the minister and his ministry were asked to stay out of this thing. Believe me, with the weight you carry in government, I wouldn't think he would allow Mr. Auld and Mr. Bennett to say, "Lorne, you get lost while we deal with this pits and quarries situation." He is going to have to take a stand and defend the farmers and preserve the agricultural land.

This business of nonresident foreign ownership of agricultural land is something that we could probably spend most of the estimates on. However, I went into that in some detail, I believe, in the estimates a year or two ago, so I will make only brief reference to it. The other aspect of the destruction to our agricultural land is the disturbing trend to foreign nonresident ownership of our food land resources. This trend is increasing at an alarming rate. Saskatchewan, Alberta, Manitoba and Prince Edward Island now limit foreign ownership in those provinces. The minister has received resolutions from the Ontario Federation of Agriculture.

As a matter of fact, in this week's edition of *Farm and Country*, which I noticed Mr. Newman was reading, there is an article, "Foreign Ownership of Farm Land Casts a Shadow on the Countryside." In it are the comments of the farmers indicating what nonresident foreign ownership is doing to their farming operations.

**Hon. Mr. Henderson:** Whose picture is that anyway?

**Mr. Riddell:** I will cut that out and frame it if you will hang it in your office.

Young lads are not going to have a chance to purchase land; communities are being fractured. I represent a riding where there is no city. It is all small towns and those towns depend on the farmers for their business. If we are going to allow nonresident foreign investors to come over here and buy blocks of land and leave the houses sitting idle, which I understand is happening, and letting the barns deteriorate, then I would like to know where the people are going to come from to fill our churches, to keep these arenas going that have been built and to buy from the local merchants.

The minister does not seem to care. He has come in with a bill, that hasn't been proclaimed yet, to try to register foreign-owned land. In the meantime, I know purchase this land has been accelerated ever since there was any mention of this bill going to become law. I really think foreign investors want to get in on the ground floor before the next step occurs, which is legislation to restrict the amount of foreign-owned land.

It is a concern that four other provinces have grappled with. I heard a speech by Mr. MacMurchy, the Minister of Municipal Affairs for Saskatchewan, at the Canadian Federation of Agriculture conference not too long ago. He outlined the steps they took to control the foreign ownership of land and, believe it or not, they have stopped it. But this government doesn't seem to give a damn about the foreign ownership of land. I fail to understand

11:40 a.m.

As I indicated, the Ontario Federation of Agriculture has asked that you put an immediate freeze on land until you have a chance to find out how extensive the practice is. At the end of that time, if it is going on to a larger degree than you think, we hope you will be prepared to legislate if you are still around. I don't think you will be. Someone else will have to do it.

I had the reeve of one of the townships in the northern part of my riding come and ask me to help him draft a resolution to send to the Premier, I believe it was, to see if we couldn't control nonresident foreign ownership of land. He tells me he went up to the Rainy River area with the idea of buying some land because, as a result of foreign investment, it was too expensive to get land started down in the area where he farmed. He came back and presented me with a list of the foreign investors who are buying up that land, believe it or not, Rainy River.

I am going to give you some of the names: Abomont Consulting, Walter Faunch, Aladar Holdings, Broeder Holdings, Altwat Farms Incorporated, Ladjir Holdings Incorporated, Christian Herberg Incorporated, Wol Gelhaus of Frankfurt and Wolfgang Schmaut. There is an indication of the foreigners who are buying land, if you can believe it, in Rainy River. We must receive a commitment from the minister that our agricultural land will remain in our hands and will not be sacrificed to foreign speculators. We will need this land for our future needs and we must be able to direct our own destiny.

I have talked to farmers about this and know not every farmer is happy with the and I am taking, particularly farmers who have reached the retirement stage. They would dearly love to sell their farms for all they can get. You can't blame the farmers for that. But I am inclined to think agricultural land was never intended to be a commodity one throws on the market and sells for investment purposes. Maybe this is because of my religious background, but I am inclined to think that we who are farmers have been given this land as stewards, to be passed down to other generations who want to farm it.

**Mr. Wildman:** It is too bad you don't think about our resources in the same way.

**Mr. Riddell:** I am not saying I don't.

**Mr. Wildman:** That is good.

**Mr. Riddell:** That is another matter.

We are stewards of the land. We do not have the God-given right to take this land, because we are owners of it, and put it on the commodity exchange and use it as a commodity to sell for the highest buck we can get. It is our job to produce food for the people of the country. The sooner we realize that, the sooner you may take more action than simply a bill to find out how much ownership has actually gone on. We don't need to do that. You can go back to the select committee on economic and cultural nationalism which was struck in 1973, the committee that Mr. Newman, former Minister of Agriculture and Food, sat on. At that time it found that one per cent of the land had passed into foreign ownership. The committee recommended that no foreigner be allowed to continue and that the land be sold only to Canadians or people with landed immigrant status. That was back in 1973. What have we done since?

Let me talk a little about the agricultural code of practice. Added to these concerns about the growing pressures from urbanization on our prime agricultural land is the growing frustration by the farm community with the application of the agricultural code of practice as a restrictive and almost punitive system as it affects the farming enterprise. The concerns and frustration of farmers has risen to such a point that the Ontario Federation of Agriculture has recommended that what is needed is a new approach to protect farmers. This recommendation was contained in the Ontario Federation of Agriculture brief to cabinet last April.

Will the minister introduce legislation to ensure that farmers have the right to farm in their designated agricultural and are to be

free of interference in their farming operations so long as they adhere to the agreed-upon code of acceptance or recommended farming practices? The code of practice must be expanded in the farmers' favour.

What about the future of the family farm? I am simply going to ask one question here. What has happened to the report which the Minister of Agriculture commissioned back in July 1978—I believe it was Mr. Newman—on the future of the family farm? I believe it was Mr. Bennett, the former deputy minister, who was supposed to take on that project. That was over two years ago and the report has yet to be released. The government has been promoting bigger farms, not viable family farms. I am anxious to hear where that report is. If the report has been given to you, what is contained in it? I would hope that if you have it you will see that those of us in the opposition parties get it immediately.

I would like to talk a wee bit about discounting and allowances in the food industry. This will be the last item. I wish to deal with the question of unfair trade practices in the food industry. We have waited two years now for reports from the Royal Commission into Discounting and Allowances in the Food Industry in Ontario which we had hoped would make some recommendations that would put an end to these destructive practices or at least put some limitations on them. All we have received, however, is a whitewash of the problems of supermarkets using their size to get discounts from farmers and food processors. That is not just me saying that. Somewhere in this pile of stuff I have articles written or submitted from manufacturers in the food business saying the recommendations or the food inquiry were nothing but a whitewash.

The minister has already heard my views on this report. I might add that if the minister ever takes the time to examine the transcripts and the evidence presented to this commission, he would be hard-pressed not to arrive at some of the same conclusions. The situation in the food industry is not as rosy a picture as has been painted by this commission. In Ontario, Dominion Stores and the Loblaws group control about half the grocery business. When Steinberg's and A & P are added, the top four firms sell over 60 per cent of the market. It is well known that if a supplier wants to sell in volume in Ontario, he must sell to Loblaws and Dominion. Meanwhile, the share of independent grocers in Ontario continues to decline from 39 per cent in 1967 to 26 per cent in 1978.

The unfair and coerced discounting practices are not helping this situation at all.

I have already introduced a private member's bill which would help put an end to some of these practices and I hope the minister will take a second look at that and come in with something similar to what they did in the United States. You have heard about the Robinson-Patman Act which endeavoured to stop some of these unfair practices. For the life of me, I can't see why we are any different from our friends in the States or why we feel we should allow these practices to continue when they stopped it in other jurisdictions.

The minister stated he is going to wait for input from the world out there before he does anything about this report. I think most of the views have already been expressed. The Ontario Federation of Agriculture has already stated it rejects the report as completely inadequate and charges the commission failed to address the problems under investigation in its recommendations.

11:50 a.m.

When you have a chance, take a look at this edition of Farm and Country. There the president and the former president of the Ontario Federation of Agriculture reject the food inquiry. Believe me, if you got a copy of the report they sent out after the food inquiry commission report was tabled, you have to see it is a pretty damning report. How can you ignore it when the OFA represents something like 23,000 farmers or maybe more than that? How can you turn a deaf ear to what the OFA, representing all these farmers, is saying?

**Mr. McGuigan:** It represents 25,000 farmers.

**Mr. Riddell:** The OFA is requesting that the government refuse to accept the reports and that price discrimination, because it tends to decrease competition, be made unlawful. The president of the Canadian Federation of Retail Grocers has stated in the press that the commission was not aggressive in seeking information that did not tell the way the situation is. He says the report merely gives the government an excuse to do nothing and leaves large companies free to develop more power in the food industry.

The Consumers' Association of Canada says the findings of the commission would have been different if processors' and retail financial records had been subpoenaed, showing how much money actually changed hands and what share of the profits they made up.

The Ontario Fruit and Vegetable Growers Association has stated that it is bitterly disappointed with the report. In fact, the only people who seem to be happy with the results of this report are the chain stores and the Minister of Agriculture and Food. He goes out and tells the world that the inquiry should end it all and that we don't need any more. When someone asked him about the small retailers, he said, "What small retailers? They are practically all gone. That is the least of my concern." My goodness gracious I knew the Tories stood for bigness, but I did not think the minister would go to that point.

The minister has stated that it makes one pretty proud of our province and that it cleared the air for our business people out there in that we don't have a scandal. He added that he did not believe we had many small grocers left, so he was not too worried about that. Does the minister not understand that the reason for the royal commission investigation in the first place was primarily to ascertain whether the demise of the independent grocer and processor has been the result of discounting practices and the food industry concentration by the chain stores? Does the minister not feel it is his responsibility to make sure that small, independent businesses survive in this province?

In summary, I feel this report is totally unacceptable and should be rejected by the minister. The food industry in this province is not healthy and the current trends toward concentration are worrisome and wrong. I ask the minister, now that he has had reaction to this report, whether he will be introducing legislation to make price discrimination practices unlawful unless they are cost justified.

**Mr. Chairman:** I want to thank you for your attention. In concluding my remarks I have to say that when I look at the government's budget for agriculture, it becomes ever more obvious we need a renewed commitment by government to agriculture. In fact let us put budgets into perspectives. In 1978 one automobile manufacturer, Ford, received government subsidies for establishing one plant at Windsor. Those subsidies were over \$70 million. That amounts to nearly half the entire agricultural budget for all of Ontario. It seems to me that a year or so ago federal government officials announced postal subsidies to the Canadian book publishing industry of \$135 million. That would run the Ontario Ministry of Agriculture and Food for almost one year.

It is astounding that we have to face the sort of discrimination, shortsightedness and half-hearted support. What is even more frus-



ating and infuriating is that the Ministry of Agriculture and Food's budget has increased little over the years that it has actually resulted in a severe cutback of services. Yet other ministries continue to grow.

Ontario farmers must get a commitment to reverse this situation. We must have a re-examination of government priorities, priorities that will benefit all our society. A prosperous, thriving farming industry is basic to the economic health of the country. Without those people who live and work on farms, our industrial world of commerce would stagnate. A thriving agricultural industry means more jobs. Agricultural exports could mean the difference between a favourable or unfavourable balance of payments. Inexpensive food means the consumer has more to spend on other goods and services.

As farmers, we simply cannot accept the limited budget and the lack of policy and priorities of this government. We simply cannot accept that lying down, or farmers will continue to be steamrollered into oblivion.

**Mr. MacDonald:** Mr. Chairman, this is the first set of estimates this minister has presented to the House. He took over the portfolio after we had considered the estimates of last year. He has been there for a year now. Usually, when ministers come fresh to a portfolio, they have a honeymoon period. But I think a year is long enough to honeymoon, and we might as well deal with the realities in the fashion in which they have already been dealt with and which I would like to alterline.

I was interested in a Freudian slip on the part of the minister when he was talking about the interest payments that are going to. He said to "illegible" farmers, rather than "eligible" farmers. Some of them are illegible. They have been wiped out altogether. That is in good part because of the policies of this government. In fact, this government, and in particular this minister, is failing agriculture. There is a growing gap between the Pollyanna speeches of the minister and the real world of agriculture as seen by leading farm organizations, newspapers and spokesmen.

The minister oozes optimism. He is talking idyllically about this garden of Eden since when he speaks to the Renfrew County Federation of Agriculture. He is pretending that there is only one cloud in an otherwise blue sky, and that happens to be in his view, the trade imbalance of \$500 million on imports over exports of foodstuffs. I have come to the conclusion that his speechwriters are working overtime, turning

out florid passages that ignore the basic problems of agriculture and the food industry in this province. In fact, the minister's role has tended to degenerate into little more than that of a cheerleader for the Queen's Park Agricultural Rah-Rah-Zip-Boom-Bah Club.

Out in the real world it is a different story. I will get into some of the detail later. But, for example, while the minister welcomed the report of the Leach commission on discounts and allowances, proudly declaring there was no scandal revealed, the Ontario Federation of Agriculture urged the government not to accept the report because it is "totally unacceptable, inadequate, and naive."

In fact, I have a copy here of a letter which was sent to the Premier on October 27, the second paragraph of which reads, "The first step is that the federation wishes to request you, the Premier of the province and leader of the government, to refuse to accept the report of the said Leach commission." I think that is a good first step.

The Ontario Federation of Agriculture has called for the minister's resignation if he does not take appropriate action to cope with the foreign takeover of prime agricultural land. The minister has refused to take what the OFA deems to be appropriate action. The Ontario foodbasket reveals that the spread between farm and retail prices has gone up each month anywhere from 14 per cent to 17 per cent, compared with the same month last year. It states that consumer prices have gone up. I take note of this because the minister spends half his time when he is out on the hustings talking about our favourable food prices as compared with Tokyo or elsewhere.

Take note of this: It states that consumer food prices have gone up because of the farm-retail spread, and rising costs in the food industry beyond the farm gate. "The farm-retail spread is the cost to the shopper of the processing, distributing and merchandizing of food. In particular, the farm-retail spreads for meat and dairy products are 25 per cent and 24 per cent higher respectively than a year ago."

We have had some evidence in the House of the minister totally copping out with regard to the price of milk beyond the farm gate.

12 noon

Farm and Country, the leading farm magazine, castigates the federal government for its lack of commitment to agriculture as has already been put on the record. Then it adds:

"Should the Davis government feel that it has done well in the area of agriculture, let us take a look at the record. Back in 1970-71, agriculture's share of Queen's Park spending of a \$4.51 billion was 1.68 per cent. Ten years later it has dropped to 1.35 per cent on spending of a \$14.2 billion budget."

Some 20 years ago I attended a convention of the Ontario Federation of Agriculture held in the Crystal Ballroom of the King Edward Hotel. Everybody seems to have forsaken that hotel now, but they used to meet there rather regularly. Bill Goodfellow was the minister at that time. I recall one farmer getting up and putting it rather succinctly. He said, "There are two kinds of farmers. There are those who farm and those who farm the farmers."

I want to suggest there are two kinds of ministers; those who champion the cause of the farmers and those who expend every effort to exploit the farm vote while ignoring farm demands. The record documents ever more convincingly that this minister falls into the latter category. His chief interest is to advance the cause of the Tory party. If farm interests are served in the process, so much the better; if not, too bad.

The minister may smile but let me tell him that at the four farm meetings I attended last fall, people I did not know at all and had never met before came up to me and rather confidentially said, "What about this new minister?" I said, "Well, he is new in the fold. Let us give him a little chance to get his feet planted." Their whole suspicion within two or three months, from listening to this profusion of speeches that the minister gives across the province, was that he was primarily interested in advancing the cause of the Tory party and not with grappling with the basic problem of the agricultural industry. I think it is about time the minister took note of that kind of situation.

Let me proceed to some other details with regard to the basic problems in agriculture. The minister is constantly referring—and quite rightly so—to the importance of the agriculture and food industry in our whole economy in Ontario. He periodically notes that something like one out of every five people who are employed in this province are employed as a result, directly or indirectly, of agriculture.

Frankly, I think that figure is not really the accurate one. It is at least one in four. If we were to take those who were involved in everything from growing the produce in the farm through the transportation, processing, wholesaling and retailing stages, it could be-

come close to one in three employees in the province. We agree that this is a very important industry. The only serious problem is an otherwise blue sky, to borrow from the idyllic speeches he makes so often—

**Hon. Mr. Henderson:** Mr. Chairman, I want to interrupt. That upsets me as that is an honorary name in a certain Indian reserve and I am pretty proud of it.

**Mr. MacDonald:** Which is "blue sky."

**Hon. Mr. Henderson:** Blue Sky. So you do upset me there.

**Mr. MacDonald:** You did not acknowledge it was part of your Indian background.

**Hon. Mr. Henderson:** It bothers me that he takes it in vain.

**Mr. MacDonald:** You did not acknowledge in any of your speeches that it was part of your Indian background.

**Hon. Mr. Henderson:** I do at the appropriate places.

**Mr. MacDonald:** It was just an otherwise blue sky and there was only one cloud according to the minister, which is the \$50 million that we in Ontario have by way of trade imbalance—our imports as compared with our exports.

**Mr. McGuigan:** Indigo might have been better colour. Indigo is darker blue than most Tories.

**Mr. MacDonald:** The interesting thing about this problem of our imports is that is not a new one. I can remember the minister's predecessor twice removed, Bill Stewart, in the early 1970s reminding us of the fact that if the trends that had emerged in 1960s were to continue to the end of the century, this province would be importing 6 per cent of its food. Surely that is a ludicrous proposition for a province with the kind of agricultural base we have had throughout a of our history. It is not new.

We have had reminders from an analysis done by one of the leading banks which shows that for the food and agricultural industry, if the present trends continue, in little more than a generation Canada will be in a deficit food position. It is not a new problem. Let us take a look at some of the detail in it. In 1979, Ontario imported about \$1.5 billion worth of food products. Over the decade of the 1970s, Ontario has watched imports of foods have grown 1.5 times faster than our exports. Our food trade deficit has tripled in six years. Ontario workers and consumers have to find about \$500 million to make up this kind of a deficit.

The argument that is often used to dismiss this is that there are a lot of things we consume in Ontario which cannot be grown here, such as citrus fruit, coffee, vegetables out of season and things of that nature. The point we have to look at is that the bulk of what we import is food that could and should be grown and processed right here in Ontario.

Why do we have to import \$129 million worth of meat? Why do we have to import \$39 million worth of chicken and eggs? Why do we have to import \$31 million worth of dairy products? Why do we have to import \$146 million worth of vegetables when many of those could be grown in this province? Some imports are absolutely ludicrous. In 1979, we spent \$7.5 million to feed our cats and dogs on imported food and \$15 million to feed ourselves on frozen dinners.

Here we are in Ontario, the largest agricultural producer in one of the world's leading agricultural nations, sending out of the country for our meals. That is the kind of ludicrous proposition we got into. It is not only so in the instance of fresh vegetables and fresh foods, it is also the case in the whole of the processing, which I will get to in a moment.

The minister has spelled out in pretty specific terms the objectives of the ministry. For example, he was speaking to the Farm and Ex '80 with the reception at the Tamworth Room at the Canadian National Exhibition on October 14 and was detailing the objectives of the market development branch of this ministry. He said: "It has two objectives. Its first objective is to replace Ontario food imports with Ontario produce and it is currently estimated"—take note of this—

**Ion. Mr. Henderson:** Just a correction for the record, I think it had to be November 14, not as away October 14. I think last Friday—

**Mr. MacDonald:** August 14 at the Ex.

**Ion. Mr. Henderson:** Okay.

**Mr. MacDonald:** "It is currently estimated at 40 per cent, or \$600 million, of our \$1.5 billion in imports could theoretically be replaced by Ontario produce. Realistically"—and here we get the objectives which this government has set for itself, that are certainly minimal—"we think that a target of \$200 million in replacements is achievable. It is a very realistic, our market development branch has set a target of replacing \$200 million in food imports with Ontario produce within the next five years."

When he goes on to say, "The second key objective is to expand Ontario's food ex-

ports, and we believe it is realistic to aim for a \$100 million a year increase over the next year."

He concludes that at the end of five years—this is an interesting exercise in mathematics—"our exports will be exceeding our imports and we will have removed the deficit."

12:10 p.m.

Mr. Minister, that is playing with figures, because let us take a look at the reality. In another speech he talks about—and this was when he was speaking to the Renfrew Federation of Agriculture on September 24—he said: "Our government has recognized this problem and is taking strong corrective measures to benefit the farmers, food processors and consumers alike."

I grant you there is a problem in having up-to-date statistics, but let us take a look at the historical record in the decade of the 1970s. What happened to the problem that Bill Stewart 10 years ago isolated and said something should be done about? In meats, our deficit has gone from about \$4 million to about \$38 million, an increase of 675 per cent; in poultry and eggs, the increase has been from \$1.9 million to \$17.9 million in a deficit, an increase of 819 per cent—this is between 1972 and 1978; dairy products, an increase of 223 per cent; other animal products, an increase of 68 per cent; fruit and nuts, an increase of 160 per cent; vegetables, an increase of 319 per cent; potatoes, an increase of 232 per cent. That is the historical record of what has happened between 1972 and 1978 in the province.

However, those figures are perhaps a little out of date and it is difficult to get us up to the present time, where allegedly these strong corrective measures are being taken. Let us take the ones for which we have the most up-to-date figures. Between 1977 and 1979, the latest years for which we have figures, there has been a 43 per cent increase in trade deficit in processed fruits, and there has been a 44 per cent increase in trade deficit in fresh fruits; or let us move to the vegetable picture, again between 1977 and 1979, there has been a 27 per cent increase in trade deficit in fresh vegetables, and there has been a 244 per cent increase in the trade deficit in processed vegetables. Those are the latest figures we have.

Conceivably the minister is accumulating figures through the year 1980. My first question to him, along with the line of questions presented by the Liberal critic, is, what evidence has he got this year, in keeping with the "strong" corrective measures he has



taken, to suggest that trend has been reversed at all? I would appreciate having some response when we get to his comments on this thing.

However, the problem does not rest wholly in the growing of fruits and vegetables. It is to be found even more in the processing. It has already been put on the record that we have had a very significant decline in our food processing industry in Ontario, and I am a little bit curious to know where the minister feels he comes into this picture. I want to focus for a moment on what may appear to be a digression, because I have never been able to find out from this ministry what the parameters of his jurisdiction are.

We all know that back in 1963 Bill Stewart, when he came into the ministry, quite rightly had the name of the ministry changed from the Ministry of Agriculture or as it was known back in those days, the Department of Agriculture, to Agriculture and Food. Presumably the minister was going to assume some responsibility for something other than just growing the food. He would look beyond the farm gate.

They set up a food council which presumably was going to be the reviewer or the monitor of what went on in the food industry. We all know what happened to that late and unlamented organization. It got to a point a year or two ago when the Ontario Federation of Agriculture was describing it as totally irrelevant and ineffective, and even the ministry conceded this to be the case. So they wiped it out. Their rationalization was that they wiped it out because now the responsibility for pricing out in industry generally and its impact upon the consumers rested with the new Ministry of Consumer and Commercial Relations, which had been established within the government.

Fine, let us take an example—milk. I have been ragging this issue rather mercilessly all this fall. But some fascinating things have happened in the course of it. For example, I wrote to the minister when there was an increase in the price of milk back in August. The farmers got 2.79 cents increase per litre, and they got it because their formula on which increases are given to the producer indicated they were not only entitled to 2.79 per cent, but they were really entitled to 4.5 per cent. Because of their sensitivity to the impact on the market, and the possible pressures for the decline in the consumption of milk, they took only 2.79 per cent.

The dairy industry objected to it. They were going to appeal it to the Milk Com-

mission of Ontario. Then they thought better of it. Their objections were couched in terms of the farmers taking more than the market could bear. Yet what did they do? Well, with sheer hypocrisy, having made this complaint, they pyramided at the retail level from 2.79 cents to five cents per litre increase in prices, and at the retail level, as far as Loblaw's and Dominion were concerned, up to seven cents.

So the farmers get 2.79 cents and the consumer is paying seven cents more. Who is responsible for taking a look at what happens out beyond the farm gate? I wrote to the minister. The minister took a month to reply. He allegedly did not get my letter. It is funny how mailing is incompetent not only generally throughout the country, but even within our departments.

**Hon. Mr. Henderson:** What is shocking is never got that letter until I requested it. All the newspapers got it, but not the minister.

**Mr. MacDonald:** You never requested from me, but I heard from two or three people out there that your office was saying it had not got the letter, so I sent you a copy.

**Hon. Mr. Henderson:** I said I did not reply to the newspapers. I do not carry out the business of the ministry through the newspapers.

**Mr. MacDonald:** I sent a copy. Well, there was a technicality and you were hiding behind the technicality.

**Hon. Mr. Henderson:** No, I was not hiding.

**Mr. MacDonald:** You knew what I had said.

**Hon. Mr. Henderson:** The letter never came to my office.

**Mr. MacDonald:** In any case, you got a copy of it and I got a reply. This is the point. Let us not get distracted from the point I am attempting to make.

In the course of the reply he said: "My staff will be surveying retail milk prices at major centres across Ontario in a few days. Past experience indicates it takes about one month for prices to stabilize after an increase in the producer price becomes effective. What nonsense. It took 48 hours for the price to go up in Loblaw's and Dominion—48 hours. It takes you one month to monitor it."

Be that as it may, the minister also said "I intend also to discuss the matter with industry representatives in the near future." Questions were asked in the House and the minister, quite rightly, copped out. He said "You know"—I think Mike Cassidy was the questioner in that instance—"I have no jurisdiction beyond the farm gate."

Who were you trying to kid when you said you were going to talk to the industry? I doubt whether you ever did talk to the industry. You have certainly not reported to me in the House if you talked to the industry. In any case, it is your oft-proclaimed contention that you have no jurisdiction beyond the farm gate. So you were conning me, and conning those who were interested in this topic, that you were going to do something about it. It is obvious we are in Frank Drea's bailiwick. When he was questioned in the House, he said, "Everybody knows if they have watched the financial pages that the dairy industry is a hard way." I do not happen to have at my fingertips here the increase in profits of the dairy industry over the last two or three years, but it is not in a hard way at all.

This year I attended the annual meeting at Geneva Park of the county milk producers. They reiterated for the umpteenth time that in their view there is an obligation on somebody's part to establish accountability for price increases at the dairy and the retail level.

If the farmers are going to be subjected to a formula which is publicly known and publicly accountable, and if they are going to take, as they did in the last instance, 2.79 cents per litre when the formula indicated that they could have taken, because of costs of production and other factors, as much as 4 cents, then it is the responsibility of somebody in this government. You are failing to the extent that you do not accept it, and find out whether the price increases are justified for the dairies to take it up to five cents and for the retailers to take it up to seven cents.

1:20 p.m.

They may be entitled to some increase. I am not denying it. They have rising costs. But I remind the minister, the last time the farmers increased their prices, in the latter part of 1979, the dairies and the retailers pyrotechnicked their increase on it. In January, the dairies took another increase when the farmers were not getting one. Does the minister know whether they were justified in raising this increase that pyrotechnicked the price from 2.79 cents to five and ultimately to seven cents for the consumer? He doesn't know or he would look into it. And the Minister of Consumer and Commercial Relations (Mr. Drea) won't look into it.

By having passed that responsibility over to another ministry, it has fallen between the two ministries and nobody is doing it. The Ontario Milk Marketing Board once again reiterated that in its view there is an obligation for public accountability of price

increases. There is no point in lamenting these increases if the minister is not going to investigate them and at least assure the public that they are legitimate.

However, let me go one step further. I was fascinated when I intervened briefly with the estimates of the Minister of Industry and Tourism (Mr. Grossman) to be found on R-1015 of Hansard before the resources development committee back on October 22. We were discussing this whole consultative task force on the processed food and vegetable industry. The Liberal critic has referred to it. Some of the recommendations were made there to rescue this industry from a gradual slip into oblivion in Ontario—certainly a very great diminution of its size.

That minister's contention was that the government is contemplating, at the present time, two or three EDF grants. He says he has worked rather closely with the Ministry of Agriculture and Food to decide to whom these grants are going to be given. Let me just quote a delightful little exchange here:

"Hon. Mr. Grossman: There were some more proposals brought to Agriculture and Food for a participation under the EDF, which were not accepted. We have now accepted four, simply because they address the kind of issues that you—"

Then I interrupted, "But you cannot indicate what they are yet."

"Hon. Mr. Grossman: No I cannot."

I asked, "Do they include the tomato paste development?"

"Hon. Mr. Grossman: Let me just say that they address some of the concerns you raised. It should not be too long until they are announced."

I said, "Will they be out before the agricultural estimates on November 12?" At that point these estimates were going to start on November 12.

"Hon. Mr. Grossman: We will try to avoid it."

"That is what I thought," said I.

"Hon. Mr. Grossman: "No, I was just joking."

"Mr. MacDonald: We are usually left to operate in a vacuum."

"Hon. Mr. Grossman: Let it be recorded that I was just joking when I said that."

One never knows where the jokes end and the real world begins. But I understand the responsibility for this was handed over to this ministry—I have heard in one instance as late as May or June of this year—certainly by the month of August. This is not the responsibility of the Minister of Industry and Tourism; it is this minister's responsibility. This study, which was instituted in the first

instance by the Ministry of Industry and Tourism, has now, because it is in the food processing industry, been handed over to the Ministry of Agriculture and Food.

I have two questions. If the minister has no responsibility, for example, in the milk industry beyond the farm gate, and he has forsworn accepting any responsibility in saying it lies with the Minister of Consumer and Commercial Relations, how come the government has now decided that the food industry as a whole falls under his jurisdiction—at least in so far as there may be EDF grants to help to reverse that persistent decline that has characterized recent years?

If it is over in his ministry, what is he doing about it? Can he respond in these estimates, since the Minister of Industry and Tourism could not respond? What grants have been given to the food processing industry?

**Hon. Mr. Henderson:** I thought they were announced immediately.

**Mr. MacDonald:** They haven't been announced.

**Hon. Mr. Henderson:** I am sorry they were not. They should have been.

**Mr. MacDonald:** That is a revelation of incompetence. There are too many cooks in here and the broth is getting spoiled.

**Hon. Mr. Henderson:** Anything to do with agriculture was announced and they were certainly gazetted because there was an order in council.

**Mr. MacDonald:** They have not been announced to the public.

**Hon. Mr. Henderson:** I am sorry they were not.

**Mr. MacDonald:** They have not been announced to the public. But I come back to my basic point: As far as the milk industry is concerned, you have no jurisdiction beyond the farm gates, and you reiterated it in the House. As far as the food processing industry goes, you now do have jurisdiction. In one instance it is out, and in another instance it is in.

In keeping with your political approach to things, I am inclined to think that, if it is a hot potato, it is not your responsibility; if it is something on which you can grandstand and claim some credit for the government, even though it is picayune, then you assume responsibility, or, at least, the government has shifted it over to your responsibility, and you haven't even got around to announcing it.

If it has not been announced, it is your responsibility; it is your job to see that it gets

announced, because this has been transferred to your ministry and you cannot deny it. So don't blame the Minister of Industry and Tourism or somebody else who has not informed the public.

The seriousness of this is that, when we get into food processing, since it is now within OMAF's responsibility, there is really a most disturbing kind of trend and development in Ontario. In 1979, there were 17 manufacturing sectors which made up the food and beverage industry, and only seven of them showed a positive trade balance. Ten of them showed a deficit. That means we are not only in a deficit food position but we are in a deficit job position, because all of these industries produce jobs in which presumably, this government is interested.

The economic development fund is for the provision of jobs; that is the whole purpose of those grants. If Ontario reduced its food imports by one half, there could be some 20,000 direct and indirect jobs created. What we have seen in this province is a reduction both in the number of jobs and in the number of the food processing units in this province, until the industry is a pale shadow of what it used to be no more than a decade ago.

In that connection—and this is a little digression, but it relates directly to what is now being placed in your responsibility—the New Democratic Party has talked, for example, in terms of an industrial strategy for Ontario with regard to resources: that is, how we could develop in this province as one of the biggest mining provinces in the country and one of the biggest mining countries in the world. We could develop the manufacturing of mining machinery. Instead of importing hundreds of millions of dollars worth of mining machinery, why don't we develop an industry, as some of the Scandinavian countries have done to meet their own needs?

But let me come back to your responsibility. In this connection, why are we not, for example, developing the food processing machinery? Imports of food and beverage processing machinery increased by 368 per cent between 1970 and 1979. The minister may not have thought about this. During the decade, Ontario imported a total of \$3.1 million worth of foreign machinery and parts, most of it from the USA. In 1979, the Ontario trade deficit in food and beverage machinery and parts was over \$50 million. If we undertook an import replacement program, we could create about 1,000 new direct jobs in the food processing industry in Ontario.



So it is not only the industry that is processing the food that is disappearing, so that the farmers do not have the incentive to produce the food—the kind of thing that has been alluded to as having gone on in the Niagara Peninsula—but, in addition and related to it, the development of processing machinery that would also be able to service the industry.

12:30 p.m.

In 1960, for example, the Federal Trade Commission in the United States, which was concerned with the growing monopoly in the US dairy industry, ordered Beatrice Foods and three other US companies not to buy any additional dairies in that country for a period of 10 years. They have some perception of what you should do if you really believe in a free enterprise economy. You don't leave it to drift inevitably into a totally monopolized and concentrated economy. But, unfortunately for the US companies, Canada was close at hand. Beatrice Foods, which is the largest food company in the US, simply crossed the border and in rapid succession captured 16

Ontario dairies to emerge as a major force in the Ontario dairy industry.

**Mr. Wildman:** It owns both the dairies in Sault Ste. Marie.

**Mr. MacDonald:** Right. In fact, two or three of them dominate the dairy industry.

**Mr. Chairman:** Mr. MacDonald, I do not want to interfere, but have you got much more? I see it is 12:30.

**Mr. MacDonald:** You can bet your bottom dollar I need more time. I shall adjourn the debate and pick up tomorrow night.

**Mr. Chairman:** The committee will meet tomorrow evening at eight o'clock.

**Hon. Mr. Henderson:** Mr. Chairman, I take it that you expect me to respond after the member's remarks.

**Mr. Chairman:** After.

**Hon. Mr. Henderson:** That's fine. I just didn't want to get into difficulty with you, Mr. Chairman, over a couple of days' response.

The committee adjourned at 12:32 p.m.

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No. R-48

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**

**Thursday, November 20, 1980**

**Speaker: Honourable John E. Stokes**

**Clerk: Roderick Lewis, QC**



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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, NOVEMBER 20, 1980

The committee met at 8:06 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

Mr. Chairman: You may continue your remarks.

Mr. MacDonald: Thank you, Mr. Chair-

man, in my view, the agricultural and food industry in this province is faced with a growth crisis. The government members do not see it as a product of their rose-coloured glasses which they wear all the time, so they try to minimize the problems or ignore them. I want to deal with three basic elements of that crisis, one of which I have dealt with for the most part prior to our adjournment at the last meeting of this committee: namely, the one area in which the minister has conceded there was that one cloud in an otherwise blue sky.

Mr. Henderson: You are getting a little bit personal. There is some sound comment here and I cannot hear Mr. MacDonald.

Mr. Riddell: Maybe you would like me to say, would you?

Mr. MacDonald: Mr. Chairman, I will not repeat what I have already stated in reference to the question that the minister acknowledged was the one cloud in the otherwise blue sky, namely the fact that we have a \$100-million deficit of food imports over exports in Ontario.

By way of summary, let me state that the government has set as its objective for the next five years is a grossly inadequate objective, if the government is really serious about reversing this trend. I have said this is a problem that has been acknowledged and designated by ministers as far back as Bill Stewart in the early seventies. But what the minister spelled out in his speech he gave at the Farm Prod'ex '80 on August 14 was that, while there was a total figure of some \$600 million in a \$1.5 billion import of foodstuffs to

Ontario, the ministry had fixed an objective of only \$200 million over the next five years that might be removed.

I repeat, I think that is a grossly inadequate objective if you are really serious about doing something about this one cloud in the otherwise blue sky.

The minister has also stated in other speeches across the province that there are strong corrective measures now being taken. I repeat my question of him, on which I look forward to his response, that in the light of the historical record which I have already put on record in our last session, there were significant increases in imports of many of the foodstuffs over the period from 1972 to 1978. In those areas for which we do have more recent figures, such as fruits and vegetables in the period from 1977 to 1979, there were equally significant increases. So at least until the end of the year 1979 there was no reversal of the trend; there was no evidence of effective, strong, corrective measures to reverse this trend.

8:10 p.m.

I do not know whether the minister has been able, other than in his propaganda speeches, to accumulate evidence of a reversal during the year 1980; but I look forward to whatever he has to say on that, because it not only results in a loss of production from which Ontario farmers are excluded—and nobody has any doubts that if the market were there they could produce it—but it also results in a significant loss of jobs; that is, jobs in terms of the processing industry and jobs in terms of the production front on the farm. In short, it is something that ranges throughout the whole of the agricultural industry.

Before I move to my next basic concern, let me make this point: I sometimes have a feeling that there is a tendency in the Ministry of Agriculture and Food to consider it as an industry sort of apart from the rest of the economy. On the basis of the minister's repeated contention in his speeches across the province that one out of every four or five jobs in Ontario is to be found

in the agricultural and food industry, clearly agriculture and food is not only important, but is a major component of the whole industrial structure of this province.

Therefore, if one is considering—as the government and everybody else who is alive to our problems today is considering—the need for a new industrial strategy and some sort of revamping of the situation so we can reverse the trend of a significant drop in the manufacturing sector through the loss of jobs, opportunity for agricultural production and everything else, one must recognize that agriculture is, literally, as key as any other industry.

The food industry in this province is the largest single industry, bar none. If it represents one out of every four jobs, clearly it is an important industry. Therefore, I think it is important for this minister, working with his colleagues in the Ministry of Industry and Tourism and the Ministry of Treasury and Economics and all the other portfolios, to use that impressive weight of his. As we see it, it is impressive, but I understand, on the testimony of the Premier (Mr. Davis) himself in cabinet, it is also impressive: “Almost intimidating,” said the Premier at one point in a comment that was quoted in a London Free Press article. The influence of this ministry in terms of the whole effort to rebuild the economy of this province is something that should be acknowledged and should not be forgotten.

I have indicated one area where there is a basic problem, where we are facing the crisis. The minister acknowledges this problem of continuing to increase the imports of food instead of producing it here and in conjunction with that process.

Let me move on to the next one: that is, the loss of the basic resource upon which the food industry is built, namely, prime agricultural land. Forgive me if I thresh a bit of old straw here—and I also acknowledge that the Liberal critic has dealt with some aspects of this—but it is so important I think it requires a bit of underlining. It is hard to conceive of a country as large as Canada that has so little prime agricultural land. The fact of the matter is only half of one per cent of Canada's extensive land mass falls into the category of class one land. For us in Ontario the important point is that half of the prime agricultural land in this country is in Ontario. In other words, Ontario is richly endowed.

Yet under excessive generations of Tory government, Ontario has lost more prime agricultural land than most of the provinces ever had. There are some areas of the world,

even in North America, that are spending millions of dollars in their efforts to turn the deserts green. Ontario has turned what was green into an asphalt desert. It is rather sobering and shocking to recognize that in the last 25 years—the last years for which we have authoritative figures—from 1951 to 1976, Ontario has lost 25.9 per cent of its prime agricultural land; one per cent every single year.

Mr. Minister, I wonder if you realize that works out to a loss of 93,000 acres during the 25-year period for every Tory sitting in the House. That is the measure of your failure in terms of retaining and protecting the basic resource upon which the agricultural industry and the food industry is based. Ninety-three thousand acres for every Tory now sitting in the House have been lost in the last 25 years.

Just by way of putting this in the broader picture of rebuilding the whole economy of this province, let us recognize that disappearing farm land is another way of talking about vanishing jobs and the forfeiting of economic opportunities. If the land that was in farming in 1951 were still producing food, it would mean an additional \$500 million in crop values alone to the Ontario economy every year. By coincidence, fortuitously, that \$500 million is equal to our food deficit in imports in Ontario at the present time.

What we have in this province, and it is about time the minister and the government faced up to it, is so-called food land guidelines which by definition are only guidelines. They are not a law. With the appropriate kind of pressure they can be circumvented and, therefore, the land is lost.

What we have in Ontario today in terms of a policy, is the destruction by instalment of prime agricultural land. Without going into details, all I need to do is remind this committee of what has already been drawn to its attention, and what we have dealt with every year I can remember for the last four or five years. In Niagara, in Barrie, in Hanover where they were going to extend the boundaries of the city and attempted to do it because of an overturning of an Ontario Municipal Board decision by the cabinet, they were going to do it on prime agricultural land instead of on less valuable agricultural land.

Eight hundred acres of prime agricultural land have gone for this Disneyland of the north or whatever one calls it off Highway 400. I am not arguing against the building of it although it will be interesting to see its impact on Ontario Place and on the Canadian National Exhibition when we get that a



balanced out. It could have been built on something other than prime agricultural land instead of bowing to the pressures of the developers who wanted it beside Highway 100 with all the traffic problems it will create.

We have discussed in committee in the last two or three years the case of agrominiums in Willimbury township. It has already been pointed out by the Liberal critic that in many instances the influences are political influences which are resulting not in the protection of prime agricultural land but in destruction by instalment.

20 p.m.

The man who was in playing the pitcher in reversing the OMB decision to protect prime agricultural land at Hanover was a man by the name of Eric Winkler, an ex-cabinet minister. The man who was consultant for the developers in agrominiums in Willimbury township was a gentleman by the name of William Stewart, an ex-cabinet minister and, shamefully, an ex-Minister of Agriculture and Food who presumably had established this policy in the first instance.

I accept what has already been presented to the committee, the testimony or comments of the Liberal critic that in Vespra township one of the people who was playing an influence there for a violation of its local official plan was Earl Rowe, not an ex-cabinet minister, but an ex-leader of the Tory party if you go back enough years, into the 1930s.

I do not know exactly what the position of the Liberal Party is. I listened carefully when Mr. Riddell was speaking and he stated we have to do something by way of a stronger position at the central level at Queen's Park because the local authorities are not able to cope with these pressures at the local level and, therefore, we have this destruction by instalment of prime agricultural land that goes on relentlessly and persistently in Ontario. I do not know what Mr. Riddell meant or intended when he said we must take a stronger position at the central level, but let me speak just for myself and the New Democratic Party.

Here is where I am threshing old straw. The government was given a clear lead as to what the need was. Back in 1975 there were two very important and authoritative bodies in Ontario which indicated what should be done to protect agricultural land. One of them was the Ontario Institute of Agrologists, the professional agrologists in the picture, who presented to the government a report called, Food Lands: Preservation or Starvation? A Statement of Land Use Policy by the Ontario Institute of Agrologists.

What they said was simply put—let me put it on the record again for the umpteenth time—that the government of Ontario within the next year pass legislation designating class one, two, three and special crop lands as food lands or lands for agricultural production and reserving such land for present or future production of food. In other words, they were asking the government to pass a law which would achieve the objective Mr. Riddell was speaking to, namely, that we rescue prime agricultural land, redeem a commodity that is traded in the marketplace by the fast buck artists and recognize it for what it is, a basic, precious resource that should not be used for any other purpose except under clearly defined circumstances.

I trust the government and this ministry are not going to lapse into the old argument that this adds up to a freeze. It does not add up a freeze. What it states is we should pass a law—not just guidelines which by definition are only guidelines—which stipulates the class one, two and three lands and other special crop lands shall be reserved for agriculture. The only occasion in which any of that land can be used for any other purpose is when the applicant who is seeking to use it for another purpose can indicate the project he has in mind is important enough that it merits the use of prime agricultural land. He may want to build a hospital in a rural area which would be adequately centred. Nobody would argue that if one wanted to have it appropriately sited one would perhaps build it on prime agricultural land in order that it would serve the community in the best possible fashion. So it is not a freeze.

Secondly, there might not be any alternative site that would not be using prime agricultural. I cite the Disneyland or whatever the devil is the right name for that thing off Highway 400 that is going to come into operation next year. There are lots of other sites within 50 or 60 miles of the city of Toronto where you could have built that and not build it on prime agricultural land and gobbled up in the destruction by instalment another 800 acres of prime agricultural land.

An interesting thing is that not only did this come from the professional agrologists, but it was also endorsed by the Rural Ontario Municipal Association. I do not need to remind members of this committee that the Rural Ontario Municipal Association is made up of the people who have to cope with this problem, who are the victims of the pressures by developers to violate their

official plans and use political influence to violate them and things of that nature.

So the professional people in the field, the rural Ontario municipalities that had to cope with the problem, were saying to the government, "This is what the policy should be." I hope it will not embarrass him too much, I have done this before—I do not suppose it will embarrass him any more than it did the last time—but the policy was drawn up by the Ontario Institute of Agrologists committee on land use. It is a committee of about eight or 10 people, among whom was one V. I. D. Spencer, director of the food lands branch of OMAF. When he was a free agent, this is presumably what he thought should be done. Now he has to implement a policy that I would like to believe, in his heart of hearts, he recognizes is not achieving the objective which the government professes all the time.

**Mr. Riddell:** He hasn't changed his mind but he has a hammer over his head. Ironically, they can legislate the preservation of pits and quarries, but they cannot legislate the preservation of agricultural land. I find that hard to understand.

**Mr. McKessock:** Niagara Escarpment too.

**Mr. MacDonald:** Let me move to one or two other aspects of this protection of prime agricultural land. The Liberal critic has raised the question of severances and he has given us not a new operation, a new instance, but the case of Mr. Atkinson up in Vespra township who, through political influence, was able to get the cabinet to overturn an OMB decision, to violate a local official plan to give him severances. The last minister, to whom our current minister paid tribute, at least was sticking to the policy that we should not get back into this business of severances out in the rural areas. I have the impression as I read all his speeches across the province, and I read them very carefully, this minister is moving away from that. He is much softer on this whole issue.

Not only do you have the case of Atkinson up in Vespra township, but you also have the more widely publicized one out in Halton about a minister of the cabinet, the Minister of Transportation and Communications (Mr. Snow). Let me read the first paragraph of one of many stories—I have all the clippings here—in the *Globe and Mail*, one dated August 21, the first paragraph of which will spell it out on its own: "Halton regional council decided yesterday to 'bend' its two-week-old official plan to allow two controversial lot severances sought by Ontario's

transportation minister, James Snow, so his sons can build homes on agricultural land he owns."

Right smack into the cabinet—you will have a chance to speak later.

**Hon. Mr. Henderson:** Something told me the NDP candidate was on that council and the Liberal candidate who won the last election voted for that severance.

**Mr. MacDonald:** Do not indulge in your normal back concession politics. Let us deal with the principles of the issue at the moment, which is that in the instance of Vespra township you have an official plan which cannot become an official plan until it is okayed by this government. One of the ministries of this government has to okay it and authorize it. I do not know how in heaven's name this government can have the face to okay an official plan and then to overturn an OMB decision and violate the official plan because it happens to suit the purposes, the objectives and the interests of some local Tory.

8:30 p.m.

I do not know whether this official plan in Halton, since it was only two weeks old, had actually been officially endorsed yet by the minister. If it was only two weeks old, maybe it had been passed by the local council and had not yet gotten into Queen's Park. But at least it had been passed by the local council.

So you see, Mr. Chairman—and I put this on the record, at least as my position and I hope it is also the position of the Liberal Party—what we need is some more direction from Queen's Park. I agree. What we need at Queen's Park is a law, not a guideline that means nothing or very little, but a law that is going to protect agricultural land and clearly indicate the circumstances under which exemptions can be granted for the use of prime agricultural land for something other than food production purposes.

This is what I want to emphasize, because I do not know how clear it was in the instance of the presentation by the Liberal critic: I have no objections to the initial decision as to what is to be done with the land being made at the local area. It would be made by the local council; it would be made by the county council, or the regional council; but it would be made in accordance with the law which everybody knows. If that local council then becomes subject to pressure which results—and I borrow the phraseology from the Halton instance—in "bending" the official plan to the point where it is broken, then it will be the obligation of



the government to protect its own law back at Queen's Park.

When it ultimately comes through to the body at Queen's Park which has the final say in this matter, it will make certain the law is lived up to. That may be difficult if you have a government which violates its own law, such as it did in Vespria township, by overturning an OMB decision and violating a local official plan which you had already endorsed and approved; clearly you have to have a capacity and a willingness on the part of the government to respect its own law. I suggest, Mr. Minister, that is the only way in which you are going to be able to call a halt to this destruction by instalment which is going on relentlessly in Ontario.

I read some figures not too long ago which indicated that 15 or 20 years ago there were something like 37,000 acres of tender fruit land in the Niagara Peninsula. There are 4,000 acres now in question, and this minister and his whole ministry are sitting in their chairs, and are not out there to protect that prime agricultural land in the current OMB hearing. When that is lost we will be at precisely half of the original figure from no more than 15 or 20 years ago. We will be down to about 19,000 acres. So 19,000 acres of absolutely irreplaceable prime agricultural land, the primest of the prime on the Niagara Peninsula for the production of fruit, will have gone; and you are sitting idly by while 4,000 acres are now in question, whose loss will reduce the figure to 50 per cent of what it was 15 or 20 years ago.

**Mr. Riddell:** Before you leave that, Mr. MacDonald, you know what my stand has been. I have spoken at the same conventions you have attended. I said we needed guidelines with teeth in them. I went one step further and said, "compensation for downgrading," which I must say did not meet with the favour of all the farmers at that convention.

**Mr. MacDonald:** I agree. You have strengthened your position since you found you should live by the principle and forget the objections of the farmers who want to make a fast buck, because four or five years ago it was not as strong as it is now. I give you credit. It is strong now, but it was not four or five years ago. Ours was strong four or five years ago.

Let me turn to the last aspect of the question of protecting prime agricultural land. This is the whole question of the Nonresidential Agricultural Land Interests Registration Act.

All of us—and I confess it, and I have to include the Liberal Party, the Ontario Federation of Agriculture and everybody else—might have noted in that act, which we approved so enthusiastically as at least a first step in coming to grips with this problem when it was passed last June, that there was an interesting section which indicated the ambivalence of the government, the fact that the government was still not vigorously going to tackle this problem. And that is, that the section which specified that there be a director within the ministry to oversee this whole registration process, as well as the appointment of inspectors to deal with this process, was permissive, not mandatory. If you really were convinced you were going to tackle this, I do not know why the act would not have said, "You shall appoint a director, and you shall appoint inspectors," to tackle the thing with vigour, instead of, "You may appoint."

I concede that the minister came into the House this fall after the heat got a little greater than he was able to withstand, and pointed out that they had already appointed a director. I do not know whether they have already appointed inspectors, whether that is mandatory or still permissive, and whether you are still operating without real teeth in your whole operation. But I do not understand, if this problem is as important as many people in the rural areas of Ontario think it is, why we should pass an act in June if it is not going to be proclaimed until December 1. It is another indication of the rather sleepy, lackadaisical, easy approach to coping with this whole problem.

The minister knows there are, among the people who have to live with the problem in Huron county, in Grey county, in the Niagara Peninsula, all across Ontario, views that are reflected in the board of the Ontario Federation of Agriculture: they passed a resolution in September in which they said to the government that either the minister take appropriate action to come to grips with this problem or he should resign.

It must be a little unnerving for a new Minister of Agriculture and Food to find the leading agricultural organization in the province telling him he should resign if he does not take appropriate action in connection with something. It should be something more than unnerving when he is unwilling to take that appropriate action and has not taken it.

Admittedly, he has come into the House and indicated that he has appointed a director. He may or may not have appointed the



inspectors who are going to be necessary for the operation of this whole registration process. There is concern, particularly in Huron county, whose delegation has come to the minister and whose views have been expressed to the OFA, where they have been endorsed and where a resolution has been passed stating that, until we know what the score is in Ontario, there should be a freeze or moratorium on future sales, so that all this easy money cannot come in from Germany, Switzerland, Japan, you name it, and gobble up this land before the act comes into effect.

I have tried to help the minister. I do not like to see the minister having to resign from his portfolio before his first year is up. I introduced a private member's bill. I suggested to the minister, in introducing the bill, that I hoped he would pick up this private member's bill and amend his current legislation that was passed last June so that the amended legislation might be proclaimed on December 1. But the minister told us, in his inimitable way and in no uncertain terms, that there would be no further amendments.

What my bill calls for is: first making mandatory rather than permissive the appointment of the director and the inspectors; second, that between now and December 31, 1981, there should be no further sales to nonresidents—that is something which the OFA has endorsed and passed on to the government; and finally, it suggested that, since the bill is going to be proclaimed on December 1, 1980, and since it requires that every present nonresident owner has to declare that ownership in the first year, and every new purchaser who is a nonresident should declare it within a period of two or three months, about one year from now—in other words, by December 1, 1981—you should know what the picture is.

8:40 p.m.

Therefore, the third clause in my amending bill is that at the end of December of next year, one month after that first-year period has elapsed, the director should be able to report to the House and to the public so we know what the score is.

Our problem here, Mr. Minister, is this: the government has never really been persuaded that this is a serious problem. From the time it was first raised in 1976 or 1977, it was sloughed off by your predecessor who said: "The figures we have do not indicate there is a serious problem. Only one per cent has disappeared in the last year," or some such figure as that. We even argued that we did not know what the facts were.

When you were sworn in, Mr. Minister, within one hour you held a press conference—at least the media boys got at you and you made some statements which were equivalent to a press conference—in which you grandstanded a bit and said you were going to go over the heads of your ministry to the clerks to find out what the score was. I repeat, that was a piece of grandstanding because we have gone to the municipal clerks many times and they cannot tell us. They cannot tell us what agricultural land is going into foreign hands because it may be in a Canadian company. It may be companies that have offices situated in the city of Toronto, or the city of Chatham, or you name it. So I can see that this legislation is a first step; but it is a first step beyond which there may have to be another step, namely, a law which will prohibit the sale of prime agricultural land.

What has happened to the prime agricultural land in the province is that it has become a sort of commodity in the international speculative casino. Anyone who has extra money, anywhere in the world, comes in here because he knows it is going to be a good investment. The consequences of it in the rural areas of Ontario are really pretty far-reaching because prices are taken up to the point where those who want to engage in farming—our own Ontarians, native Ontarians—find they have to pay prices two or three times what they used to be five or 10 years ago. So it is a speculative increase in the cost of prime agricultural land which it is beyond our economic capacity to meet.

That is the second area in which the agricultural and food industry is sick, is in a state of crisis.

Let me move on to the third one.

Mr. Eaton: Before you move on, might I relay a message from upstairs? I am sure everybody is interested in the outcome of the by-election.

Mr. MacDonald: The Tories have won the seat.

Mr. Eaton: Have you got that?

Mr. MacDonald: Yes, we heard it before you got here.

Hon. Mr. Henderson: Was it a clear majority?

Mr. Eaton: It was almost a clear majority.

Mr. Chairman: Over 3,000.

Mr. MacDonald: Is everybody happy?

Mr. J. Johnson: Yes, we are. How about you?

**Mr. MacDonald:** Oh, you are. We had no illusions on this one but there is silence on the other side.

**Mr. Riddell:** All I can say is, Mr. Davis had better not come into my riding next time and distort the facts the way he did to win that bloody riding. I would like to hear you dispute that, or debate it.

**Hon. Mr. Henderson:** Tell us more.

**Mr. Eaton:** I do not think any facts were distorted.

**Mr. Riddell:** You know what I am talking about, too, Mr. Minister.

**Hon. Mr. Henderson:** No, I do not.

**Mr. Riddell:** If that is the way the Tories have to win elections then it is a sad, sad day in Ontario. Carry on, Mr. MacDonald.

**Mr. MacDonald:** Can I get back, Mr. Chairman?

**Mr. Chairman:** Yes, I would think so.

**Mr. McGuigan:** We want a recount.

**Mr. MacDonald:** Let me move to the third area of crisis within the agricultural industry. That is the consequences of an ever-increasing concentration of economic power within the agriculture and food industry.

Again, I thresh a bit of old straw. We have known, and we have discussed many times in these estimates in committees in previous years, that industry today is unduly dominated by the retail giants. You have 50 per cent of the retailing of food in Ontario with Loblaws and Dominion Stores. If you add the other supermarkets you have over 70 per cent. The position of the independent grocer is one in which his back is to the wall; they are dying like flies and being replaced by others who are willing to gamble on it.

We also know that the image of thousands of middlemen in the food industry, between the farmer and the supermarket that retails the food, is increasingly an illusion. When Loblaws and Dominion Stores are buying their wholesale products, they are buying it for companies that are owned by the same corporate conglomerate of which they are a part: Loblaws in Weston and Dominion Stores in Argus. And when the wholesalers are buying it from processors, in many instances they are buying it from processors that are owned by the Weston empire or the Argus empire. When the food is trucked from the farm gate to the processor, in many instances it is trucked by transportation companies that are owned by the Weston empire or the Argus empire. So what you have is thousands of middlemen who are taking bites out of the consumer dollar; it looks as though

it were independent operators and all part of that great operation of the free market when, in fact, most of those bites are ending up in two or three corporate pockets.

That is one element of the concentration in the food industry and its rather far-ranging consequences.

Let me make one quick aside: one of the interesting things about the retailing of food in Ontario today is the whole kick of generic products, or generic foods. I will concede that the consumers are getting something of a bargain in some instances. I always leave it uncertain as to what is the tradeoff between quality and the lower price they are paying. One can never really get a clear picture of that.

But in many instances, Loblaws, Dominion Stores and the other supermarkets which are now getting into generic products are using their economic power to go to a processor and say, "Look, we will take 5,000 cases of this product if you will sell it to us at such-and-such a price." Because it happens to be a big sale, the processor is willing to reduce his profits or his operations to a bare minimum for survival in order to produce it. Some of that exercise of economic power, I repeat, may be passed on by way of lower prices to the consumer; but it is only another ramification of this exercise in economic power by the retailing giants.

The consequences of this whole thing are what I want to draw to the attention of the committee, because it is very important in terms of the broader picture. I think I started to touch on this yesterday, so let me deal with it for a moment or two in a bit of detail.

In the late 1960s, the Federal Trade Commission, concerned with the growing monopoly in the US dairy industry, ordered Beatrice Foods and three other US companies not to buy any additional dairies in that country for a period of 10 years. Fortunately for the US companies, Canada was close at hand, and was an open field. Beatrice Foods, which is the largest food company in the US, simply crossed the border and in rapid succession captured 16 Ontario dairies to emerge as a major force in the Ontario dairy industry. Beatrice Foods, along with one or two other of the major dairies, dominate the dairy industry in Ontario.

In 1955, the largest fruit and vegetable processor in Canada was the Canadian-owned Canadian Cannery Limited. In 1956, the US-based Del Monte Corporation, now the largest fruit and vegetable processor in the world, decided to capture the Canadian market by buying out its largest Canadian competitor.

It did not stop with Canadian Cannery but went on to buy out another half a dozen or so Ontario companies.

Del Monte has acquired a major share of the Ontario processing industry in order to rationalize its new Canadian operations in accordance with its global strategy. In 1955 Canadian Cannery operated 37 plants throughout southern Ontario. By 1978, after two decades of Del Monte, 30 of those plants have been shut down. That is only the beginning of the process.

8:50 p.m.

Small bakeries have been pitted against the same set of corporate forces. They have been systematically excluded from the market by companies like Weston, which in addition to controlling the supermarkets where the bread is sold, owns its bakeries, its flour mills, its sugar refineries, its dairy company and virtually every other step in the bread-making process. Again, the results are predictable. In 1965 there were 766 bakery establishments in Ontario. By the end of the 1970s a little over half of them remained. In 1965 there were 12,000 workers in the bakery industry. By the end of 1970s 2,700 of them had lost their jobs.

In food processing, an evolutionary reversal is taking place. Smaller and more socially efficient producers, using local produce, satisfying local needs and employing local workers, are becoming extinct while the corporate dinosaurs are gaining control. Where profit supersedes all other social goals, such as jobs, regional development or self-sufficiency, that is precisely what has happened.

If I can capture the attention of the minister, just let me remind him of what all this adds up to. Between 1961 and the late 1970s 1,379—over half—of the food processing establishments in Ontario have closed their doors. In the space of 10 years 6,796 Ontario food processing workers have lost their jobs. That leaven in the loaf—whether it be a bakery, a food processing plant or whatever, in literally scores of the small towns and rural communities across the province—is gone.

I suggest to you, that is a crisis; that is a problem. All you have done—and I do not even know whether you have done it. I come back to the point I made with reference to the information we got from the Minister of Industry and Tourism (Mr. Grossman) during his estimates, that there were only three employment development fund grants. When we have lost 600 or 700 of the food processing establishments in Ontario in the last 15 years, this government is offering

EDF grants for the restoration of three of those food processing plants—a real drop in the bucket—in attempting to reverse this whole trend.

I repeat, by way of recapping on this, whether it be the question of imports, in which you have the stated objective of reversing only \$200 million of a \$500 million deficit as we import \$1.5 billion in foods every year; whether it be in the destruction of the prime agricultural land, which is the basis of the food and agricultural industry; or whether it be in this whole process of deindustrialization, which in the food industry is as prevalent as or even more prevalent than it is generally across Ontario, resulting in shutdowns, in losses of local lifts to regional and community economies; in all of these, this government has stood idly by while this process has gone on.

I suggest it is about time for you to take off your rose-coloured glasses and to stop going around talking glowingly about the state of the agriculture and food industry, when those are the indisputable facts at the present time.

Finally, let me turn to consideration of something that, really, I have difficulty in containing myself in discussing rationally: that is the whole Leach report. The minister enthusiastically welcomed the Leach report on food discounts and allowances, particularly when it recommended there should be no further inquiries. That was a welcome, self-serving kind of representation.

Mr. Riddell: "That will clear the air once and for all," he said.

Mr. MacDonald: "It makes you pretty proud of our province," the minister exulted. "It clears the air for our business people out there that we do not have a scandal."

The fact that the farmers were so disappointed that the Ontario Federation of Agriculture has released a devastating critique is not the minister's major concern. His major concern is that there was no scandal out in the business community and, therefore, he thought the province should be proud of it. We will come back to that in a moment.

In fact, the minister revealed that he had not even read the report when he made his comment, because he went on to make that rather fatuous comment, "I do not believe we have many small grocers left so I am not too worried about them." If he had read the report he would have found even that report, whose evidence is not necessarily the most authoritative in the world reminding us that there are 7,702 small retailers and only



689 large retailers in the province; so all of those 7,702 had disappeared from the minister's view.

The real scandal in this situation is the Leach commission itself, the manner in which it operated and the shocking inadequacies of its report. The chief counsel of that inquiry was more preoccupied with protecting the confidentiality of the corporate records than with digging out the facts. The early stages of the inquiry were conducted with such a lack of vigour that it provoked widespread media comment and criticism and was the subject of sharp protests, not only from both opposition parties in the Legislature but from the OFA and many leading farm columnists. That the public purse should have been milked for over \$450,000 for this commission was the real scandal.

A leading Toronto lawyer some years ago, in speaking about royal commissions in general, commented that most but, fortunately, not all of them, are appointed to bring in the kind of report the government wants. No inquiry has ever more fully lived up to that cynical assessment. This government did not want the inquiry. When the resources development committee looked into the issue it came up with what it thought was a clear cut, prima facie problem and recommended that the government should set up a royal commission that could dig into it.

The government sat on that recommendation for something like two months. Bill Newman, in what I thought was the most amazing statement that had ever been made by a minister, said he was still opposed to it, but that his cabinet colleagues had overruled him and they were going to appoint a commissioner. That was a very strange kind of comment to make; it would have been either better left unsaid or he should have said a bit more. A week or two later they appointed a commissioner.

Mr. Minister, in case you think my criticisms are going to be unduly harsh, and just so that we can keep it in perspective, I went through my files for some of the things that came out during the early stages of the commission, and have, for example, an article written by Jim Romahn of the Kitchener-Waterloo Record back on May 4, 1979, shortly after this commission really got into operation. He was talking about the fact that somebody had said to him, in the light of the contention that there was no real problem with discounts and allowances at the commission level, that he should check the rebates between food suppliers and institutions such as schools and hospitals. So he checked in his local area with regard to

schools and hospitals, and found an incredible maze of different rebates and allowances were being given to this group as opposed to that group.

Then he went on to make this comment: "The tip and ease of confirming" what I have just told you "in the follow-up was just one more indication to me that this judicial inquiry is not being very aggressive in pursuing its mandate. I suppose it was to be expected. The Tories opposed Liberal and NDP calls for an inquiry all along; faced with a combined opposition the government reluctantly caved in to pressure.

"Chief commission counsel Rodney Hull is a diligent Tory worker; I think he might be helping to ensure that his buddies in the cabinet and the Legislature will not be embarrassed by a string of attention-grabbing revelations.

9 p.m.

"If the inquiry finds little or nothing and concludes that basically it is business as normal, the Tories will no doubt crow, 'See, we told you so'."

This is precisely what the minister did. "See, we told you so. We don't need any more inquiries. There is no scandal out there." Somebody should make an application to have Jim Romahn get the newspaperman's award of the year for his clear, insightful analysis of a situation 15 or 18 months ago. He had it right on the beam.

Let us proceed. This report is an outrage. The commission made, for example, only three recommendations after two years. They recommended there should be no further inquiries into discounting practices. That recommendation was so self-serving that it could have been written by the government itself. It started out that there did not need to be an inquiry, and the minister jumped on it and said, "Hurrah, we got what we wanted; there are no more further inquiries needed."

It was a gratuitous comment. In fact, it was an ironic comment for, having failed to dig out the evidence which many farmers, consumers and processors are convinced exists, the commission's own poor job will render another inquiry inevitable at some point, as soon as we have a government that is willing to come to grips with this issue.

Then, having asserted that the discounts and allowances are no problem,—

Mr. Riddell: Right on.

Mr. MacDonald: Look, Jack, he has difficulty in comprehending to begin with. Don't distract his attention. I just hope he may

grasp something of the enormity of this outrage. So please don't distract him.

**Hon. Mr. Henderson:** It is difficult listening to two of you.

**Mr. MacDonald:** Having asserted that the discounts and allowances are no problem, with great illogic the commission recommended that a watchdog agency should be set up to make certain that discounts and allowances do not reappear.

If there is no problem, why worry? In fact, this suggestion was contained in the body of the report and was not even formally listed in the recommendations. The report is so sloppily prepared that one of its major recommendations, a fourth one, is in the body and did not get included with the three that were drawn to the attention of the minister so that he did not have to read the whole report.

The commission's third and final recommendation really takes the prize. I quote: "That the Legislature consider the establishment of a forum, outside government, to mediate problems between the various levels in the food industry".

Shades of the late and unlamented food council, whose membership was a balance of competing interests; it always resulted in the fact that no decision could be taken and therefore the status quo would be maintained. This was a body which went on for 15 years until the OFA was describing it as ineffective and irrelevant; even the minister recognized this and it was wiped out.

Then, to add insult to injury—since the minister has not read the whole report—after two years of deliberation, the Leach commission confesses—and listen to this: "This inquiry has not made a comprehensive study as to the constitution of such a forum," as they just suggested. "If the Legislature feels that such a forum would serve a beneficial purpose, I would undertake to perform such a study and report."

In other words, the only relevant and potentially substantive recommendation of the commission has no substance. Rather, it is an invitation for a reappointment gratuitously proffered. I repeat, it is mind boggling. It is mind boggling that any man who sits on the bench and who is a qualified lawyer in this province would produce this kind of report, and have so little self respect that he would present it.

**Mr. Wildman:** He was just doing what was expected of him.

**Mr. MacDonald:** That I know, that I have already said. It falls into the category of a commission that reported what the govern-

ment wanted. However, I do not want to take refuge in my comments because my comments will be dismissed by the minister as having the normal political bias and things of that nature.

Let me conclude my comments with a few references to the Ontario Federation of Agriculture's analysis of this: I repeat, a devastating critique. They point out, for example, on page two of their analysis, that the major conclusions of the commission were: "1. Ontario farmers and farm prices are not adversely affected by the rebate system."

It is true that with those commodities in Ontario for which we have marketing boards, they can protect themselves. Thank God we have the marketing boards; otherwise, the farmer would be an innocent victim who would be helpless at the hands of the super-markets and their purchasing tactics.

"2. There is no significant difference—"

**Mr. McGuigan:** Could I put a piece in on that, where you say that where there are marketing boards the farmer is protected?

**Mr. MacDonald:** Yes.

**Mr. McGuigan:** In the case of apples, the bulk apples are sold by the farmer at a private treaty price. Apples are not sold at the roadside. The price is established for apples delivered to a warehouse or to the retail store. But the farmer who sells his apples to a dealer does so on the basis of whatever price he can negotiate. That dealer or packer is selling them, say, at two per cent or at five to seven per cent discount. That reflects back on the farm gate.

**Mr. MacDonald:** Sure, you are right, even where they have a marketing board or commission or something to protect them.

**Mr. McGuigan:** It cannot help but reflect back.

**Mr. MacDonald:** All I am saying is, to reach the conclusion of the commission that the farmers were not affected at all, I do not know what analysis they did.

The problem here Mr. Minister—and this is before you got into the ministry and therefore I cannot fault you for this. There were some of us, including myself and many others, who suggested that the man appointed for this commission should not be a judge; it should not be a man who would take a legalistic approach; it should be some body who was familiar with the food industry and who knew the problems in the food industry, and therefore the whole exercise would not be a learning process for him, at the end of which he would not really have learned it.

That is what happened. I say it bluntly with regard to Judge Leach. I suppose one has to be fair, because Judge Leach came in to take over from Judge Ross who, unfortunately, had to retire because of ill health.

As for Rodney Hull, Rodney Hull was convinced there was no problem. He must have had a session with the government before he started, in which it persuaded him there was no problem at all. Everybody I have spoken to who had any dealings with Rodney Hull, the chief counsel of the commission, said they were constantly arguing with him. He was trying to back them down. He was not looking for evidence. He had come to a conclusion.

To compound the whole situation even more, Laventhol and Horwath had no experience in the food industry. It was a learning process which they came out of just about as ignorant as they went in. In their so-called studies and research for the commission, it was a case of the blind leading the blind. It was a disaster from the word go, an outrage, I repeat.

Let me pick up from the OFA. This is one of the conclusions of the commission. "There is no significant difference in the level of rebates granted by small and large processors." I do not know what world they were living in. I do not know what they were investigating. There was plenty of evidence that there were different levels of rebates between small and large processors. In fact, the comment of the OFA was, "Large retail chains are able to purchase goods at a lower net cost than smaller chains or independent supermarkets."

They came to another conclusion: "There is no significant difference in the level of rebates received by small or large retailers." That is what I have spoken about: "Large retail chains are able to purchase goods at a lower net cost than smaller chains or independent supermarkets." As for processors, "Large processors are better able to withstand the pressure for discounts, rebates and other allowances than small processors."

1:10 p.m.

There is lots of evidence out there—I will come to it in a moment—of the way the commission fudged the thing. "If rebates were to be disallowed it would probably result in consumers paying higher prices for food." That was a bit of speculation on their part: "probably." They don't know. It was just to bolster their preconceived scenario of what the situation would be after they had finished this whole investigation.

Let me move on to one or two other sections of this report. For example, on page five—I trust the minister has read this; it must have curled his hair when he read it—on the question of volume rebates, let me quote: "The bone of contention is the operation of the volume rebate and its impact on the industry. The volume rebate must be distinguished from the truckload discount and other large shipment allowances that processors often offer retailers. OFA has no quarrel with the truckload allowance provided it is cost justified. The volume rebate is an altogether different thing. Typically, a processor will offer a sliding scale of rebates on total annual purchases by a retailer. It matters little that these purchases are for one large shipment or 100 small shipments; that the order is placed once at the beginning of the year or weekly or even daily; that the purchases are to be delivered to one warehouse operated by the chain, or to several stores operated by the chain; that the purchases are of one item or of several items including unrelated products lines produced by different factories operated by the same processing company."

In other words, they get their volume rebate on the aggregate of what they purchase, no matter how they purchase it: daily, weekly, monthly, from different processing companies, and so on.

"What clearly stands out about volume rebates is" says the OFA, "that they are: (a) totally unrelated to the economy or scale of plant utilization and (b) totally unrelated to the efficiency of production planning or product delivery. Yet the commission has chosen to report volume rebates under the misleading title of 'Economies of Scale.' It is obvious that the commission does not know what the term 'economy of scale' means. Although the report faithfully describes the operation of volume rebate (pages 30-32), it has failed to grasp its meaning or its economic implications."

In other words, it is just ignorance, just plain, unadulterated massive ignorance about what volume rebates and economies of scale are. If they had had a first-year economics students there—I do not know who the devil Laventhol and Horwath have on their staff. I once put a question on the Order Paper and found they had been paid over \$100,000 at one point by the commission.

We will go on to the next one. This is really the most—and I borrow my own phrase again—outrageous of them all. It is the testimony of the Grocery Products Manufacturers of Canada. They testified in very vigorous terms



with regard to the consequences upon many of their members of the impact of rebates and allowances. There are 100 members, more or less, of the association.

What the commission did was to go out and find six of the 100 who disagreed to come in and testify that all was well, that they had not been influenced adversely, or anything of that nature. They accepted their testimony and dismissed the testimony of the association that was speaking on behalf of everybody.

There is an old adage that every rule has an exception, but it is a fascinating change when the exception becomes the rule.

The testimony of the five or six processors who chose to disagree with the organization that was speaking on behalf of all the processors, presumably including these processors, was dismissed. What does the commission do? They take refuge—let me quote: "Executives from many processing companies coming and testifying that all is well in their dealings with the big chains, yet their very own association, the GPMC, was claiming just the opposite. Is this not precisely what the OFA warned about? Did the commission even pause to consider this glaring contradiction? Apparently not, as they lightly sidestepped the evidence to take refuge in their consultants' 'statistical proof'.

"Now, what exactly is this statistical proof? Let us note that the consultants began their assignment by sending out 'processor questionnaires' to a number of wholesalers and buying groups, among others. Let us also note that OFA took exception to the 'Data Questionnaire' that was sent out, pointing out its inadequacy in a memorandum to the commission.

"The questionnaire that the consultants sent to the processors did not specifically ask for a breakdown of rebates paid to the large retail chains and the smaller retailers—which is the critical issue." Are they giving bigger rebates to the big chains and smaller ones to the others? More tellingly, the questionnaire did not elicit the processors' confidential views on discounts and rebates and the so-called 'hard bargaining' that the big retailers engage them in. Suffice to say, that in a carefully prepared memorandum to the commission, the OFA termed the consultants' survey and analysis 'confused, ill-founded and often misleading.'"

"Yet the gnawing question remains. Why would the GPMC make these allegations? Were not the processors, including the large ones, attempting to convey their grievances through their organization? Grievances that

they dared not bring forward directly out of fear of reprisals?

"Finally, what about the power of the big chains to receive discounts and rebates quite out of proportion to any cost saving to the processor? And the competitive position of the smaller chains and independent retailers who are unable to receive such discounts? Here too, the Leach commission has chosen to fly in the face of overwhelming evidence and rely exclusively on the report of the consultants. The OFA had taken great pains to point out the inadequacy and unreliability of the consultants' survey." And so on.

There is one key issue: volume rebates, and how they were used to the benefit of the big retailers who could aggregate his purchases throughout the year, no matter how he bought them or from where he bought them if they were in the same corporate structure as the processor.

However, let me move to what is perhaps the most aggravating of all. On page 10, for the minister's reference, when he gets around to reading this: "And what of the record of the commission itself to dig out the rebates received by the big chains?" That, clearly, was what we wanted to know. What was the size of the rebates? What did it aggregate? How much more money did it add to their cash flow? And, of course, the added question: how much of that saving were they passing on to the consumers? "At one stage, counsel for the commission refused to allow OFA to ask A and P and Steinberg's for the total rebates that they received, even though this information was central to the inquiry."

Stop and consider that. This government appointed a royal commission to look into rebates and allowances, and the commission counsel refused to allow the OFA to ask a couple of the supermarkets about the total rebates they received. What sort of game do you think we are engaged in?

I continue the quotation: "When this created considerable uproar in the Legislature," and it did, "counsel changed his mind and took the task upon himself."

Listen to this; here is a tiger in your tank. "After considerable stonewalling, beating around the bush, compromising, the following emerged," and this is directly from the transcript: "Mr. Hull, counsel for the commission: It is reasonable to assume that your total rebates, discounts and allowances, including earned cost reductions, were \$41 million in your last fiscal year?"

"Mr. Nichol (witness for Loblaw's): A and P and Mr. Levine, (of Steinberg's) said that the rate of rebates—they said it was two

per cent and I would say it is fair to say that Loblaw's comparable number is in the range of \$14 million to \$16 million.

"Mr. Hull: That is an answer that is satisfactory to me, Your Honour. I don't propose to go any further."

This is what he was after. He did not ask what the figure was. He just said somebody said it was two per cent and that adds up to \$14 million. He did not subpoena the books. He does not know what is in their books.

9:20 p.m.

I will tell you another thing to help you decide what your final reaction to this report is going to be. Do you know what Rodney Hull has done? He has written to the CBC, trying to get them to apologize for some comments that were made on Radio Noon because they were unfair, because they pointed out that he had not subpoenaed the books. He is trying to intimidate them into an apology. They haven't apologized yet and, boy, it will be a sad day as far as I am concerned if they ever apologize in face of that kind of intimidation. As the Ontario Federation of Agriculture said, "The answer would not have satisfied a 10-year-old." Well, it satisfied Mr. Hull.

But let me go on to another witness. Mr. Jackson, witness for Dominion Stores, the giant in the picture: "The evidence has been that across the industry discount allowances amount to approximately two per cent of sales. We can accept that, and on that basis our figure would be a little over three per cent."

"Mr. Hull: Your sales were?"

"Mr. Commissioner: One billion, four hundred and forty million dollars.

"Mr. Bolton (witness for Dominion Stores): That was the figure that was included in the Burns Fry estimate.

"Mr. Hull: Is that an approximation of your sales?"

"Mr. Bolton: We wouldn't argue with it.

"Mr. Hull: I will spare you the trouble of making the calculation."

He stopped right there. Let me go back to the Kitchener-Waterloo Record, because Jim Romahn covered this very carefully. He apparently got into a discussion at some point with one of the lawyers, and I will quote from an article on May 17, 1979 that points out that the assistant counsel to Mr. Hull had resigned. I do not blame him, but he resigned.

Mr. Riddell: He did it with good reason.

Mr. MacDonald: He did it with good reason. He would not say it publicly, but he

did it with good reason. I am quoting: "Observers and lawyers have at times complained that they have trouble remaining awake and say the inquiry is one of the least aggressive they have witnessed. Art Gans, lawyer for A and P Stores, said he worked as a lawyer on the staff of a royal commission investigating Air Canada and 'when the witnesses left the chair they were shaken. We did our homework.' Here they get up, make their statements, answer a few polite questions and poof, it's a pussy cat. The whole affair was a pussy-cat operation.

In the medical profession, if a doctor is guilty of malpractice, he can be sued. I do not know what the appropriate action is with regard to Rodney Hull and his operations in this commission, but if this government does its duty it will recognize that the job was not done, and it was not done primarily because of the chief counsel. They should make some sort of a protest to the law society to see that something be done about it.

Mr. Chairman, if the bells are ringing, I can conclude in one or two minutes.

Hon. Mr. Henderson: I think we might as well go on as long as we can.

Mr. MacDonald: I will be finished in one or two minutes. I have said all I want to say about the Leach commission. I hope we can bury it.

Hon. Mr. Henderson: I would be quite happy to sit with you people during the vote.

Mr. MacDonald: I want to remind the minister, if I can get his attention, that the Ontario Federation of Agriculture has written a letter to this government and suggested it should not accept this report. They have also said they recommend certain things to the commission, and ask the government to do something about these things. Since the commission is a washout and its report is a white-wash—in fact, the report is a scandal, and the commission and how it operated is a scandal. If this minister and this government do not see fit to repudiate it, if they are going to defend the report in the fashion the minister did the first day it came out, then not only is it a scandal that merits a royal commission to look into the royal commission's inadequate job, but the royal commission should be extended to look into this government's reaction to the inadequacy of that job. However, so much for that.

Mr. Riddell: In other words, the government is a scandal.

Mr. MacDonald: Right.

What the Ontario Federation of Agriculture has said is:

"1. That price discrimination because it tends to decrease competition be made unlawful." The only exceptions to this should be: "(a) where discounts given to a customer can be shown to reflect actual costs, or (b) when they are made in good faith to meet the lower price of a competitor.

"2. That it be made unlawful for a supplier to pay a customer for services rendered by the customer, such as advertising, warehousing, prompt payment, helping to unload trucks, et cetera, unless the same is offered to all customers on proportionately equal terms.

"3. That it be unlawful to knowingly receive or ask for allowances proportionately greater than the competition.

"4. That the business practices division of the Ministry of Consumer and Commercial Relations be boosted and given powers to investigate and bring civil court action in the above violations.

"5. That the business practices division be enabled to prohibit vertical and horizontal integration wherever it will damage competition."

That is what the OFA has asked for. I suggest to the minister he should put the Leach report in the bottom drawer of his desk and forget about it. It is a bad dream; it is a nightmare. He should not, for God's sake, ever defend it again as being worthy of any consideration and worthy of any approval. This is his agenda for some action, and I will look forward to some suggestion when he responds to our leadoffs as to whether he is going to move on any of this or whether he is going to pass the buck to Frank Drea or Larry Grossman, or some other minister.

Mr. Chairman: I understand the vote in the House will not take place for half an hour yet, so, Mr. Minister, you can start your reply.

Mr. Wildman: Mr. Chairman, can we not arrange to have the vote right now?

Mr. Chairman: I have no power over that.

Hon. Mr. Henderson: I do not have a prepared speech, but I have several items I want to touch on.

First, the research budget of the Ministry of Agriculture and Food for Ontario is some \$25 million. The next closest provinces are Quebec and Alberta, \$8 million.

I go on to DREE and Ontario's position on the amounts of money we got from this. In 1978 and 1979, the total amount Ontario received through this program was \$22.6 million; Quebec, \$172 million. Ontario's \$22 million amounted to \$2.66 per capita, while

Quebec's amounted to \$27.35 per capita. In 1977-78, Ontario, \$26.195 million or \$3.13 per capita; Quebec, \$164.087 million, \$26.12 per capita.

To go back to 1976-77, the total of those years, Ontario received \$165,373,000, while Quebec received \$841,452,000. So Ontario has come out very much on the short end of that program.

Mr. Riddell: Is this for research?

Hon. Mr. Henderson: No, no. DREE.

Mr. Riddell: You started out talking about research. What point are you trying to prove?

Hon. Mr. Henderson: I will repeat it, Mr. Chairman. I said the commitment to agriculture, research budgets for agriculture, Ontario's is \$25 million. The next closest provinces are Quebec and Alberta, \$8 million each. That is what I said about research. I went on and I talked about DREE funding in 1978-79.

9:30 p.m.

Mr. McKessock: What was the DREE money that came in to Ontario used for?

Hon. Mr. Henderson: It went into 12 eastern counties. I would have to get the total program. It went into the agricultural community in eastern Ontario; most of it was for drainage, or a great deal of it.

Mr. Riddell: We know we have had equalization grants. Are you suggesting that there is no way, say, the maritime provinces should have received any more than Ontario or Quebec? I do not see what you are trying to prove.

Hon. Mr. Henderson: Those are the actual facts. In 1978-79, Ontario received \$22,600,000, or \$2.66 per capita. During the same year Quebec received \$172 million, or \$27.35 per capita.

Mr. McKessock: How much per capita did the Quebec government give to the farmers?

Hon. Mr. Henderson: There it is, right there.

Mr. McKessock: No, the Quebec government.

Hon. Mr. Henderson: They got this money and handed it down: \$27.35 per farmer while we had \$2.66. It is as simple as that about 10 to one.

Mr. McGuigan: Mr. Minister, these figures ignore the vast difference in agriculture in Ontario as compared to these other provinces.

Hon. Mr. Henderson: They are true facts of what the federal government is giving to Ontario farmers. Then I went on to say i



1977-78, Ontario received \$26,195,000, or \$3.13 per capita.

**Mr. MacDonald:** This is old straw. You have given us these many times. Why do you not deal with the problems that we have raised?

**Hon. Mr. Henderson:** I will deal with them as I go along, but I think it is important that the public out there know the true facts.

**Mr. McKessock:** Do we depend on the federal government for money for agriculture?

**Hon. Mr. Henderson:** We are sort of paying in to the federal government.

**Mr. McKessock:** What about Alberta?

**Hon. Mr. Henderson:** Our farmers are just as good as any farmers in any other part of Canada and I argue that they should have equal usage. They have the same disadvantages as the farmers in Quebec, so they should have the same advantages and be treated the same by the government of Canada.

**Mr. McKessock:** Do you agree that the provinces should treat their farmers equally too, the same as Quebec, Alberta, Saskatchewan, BC? When you look at the programs these provincial governments have provided for their provinces, Ontario is taking a back seat.

**Hon. Mr. Henderson:** I have made my position quite well known with the government of Canada, to the effect that a farmer and a farm operation is exactly the same in any part of Canada and that particular government should use us all the same.

**Mr. McKessock:** Okay. We can talk about the federal government, but talk about the provincial government—

**Hon. Mr. Henderson:** Do you disagree with that position?

**Mr. McKessock:** As my colleague said here, some parts of Canada are treated differently—

**Mr. Riddell:** And should be.

**Mr. McKessock:** And should be, because they are not—

**Hon. Mr. Henderson:** You agree then that a farmer—I sure don't agree. Let me put my position clearly.

**Mr. MacDonald:** Leave aside this family little between the province and the federal government. Let us get him around to dealing with his inadequacies here.

**Mr. Riddell:** It is nonsense if he is suggesting that the maritime provinces should get—

**Hon. Mr. Henderson:** It is not nonsense. It is true facts, Mr. Chairman.

**Mr. Riddell:** —a bigger grant from the government. What is wrong with it?

**Hon. Mr. Henderson:** True facts and the truth hurts.

**Mr. MacDonald:** If you want to distract attention from the problems—

**Hon. Mr. Henderson:** Mr. Chairman, they do not want to know the true facts.

**Mr. Chairman,** let me go on.

**Mr. McGuigan:** We do not dispute the facts.

**Mr. McKessock:** Was there any change made in that short step of the PC government?

Interjections.

**Hon. Mr. Henderson:** Listen, wait a minute. We could not get the agreement signed before the PC government got in. Quebec got theirs signed at the end of the fiscal year early in 1979. Ontario could not get theirs signed. The government of Canada would not sign it. We got it signed with the PC government.

**Mr. McKessock:** What did you get signed?

**Hon. Mr. Henderson:** We got this signed.

**Mr. McKessock:** Did you get any money during that time?

**Hon. Mr. Henderson:** During that period? No, not until we got the contract signed.

**Mr. McKessock:** But you got the money during that time?

**Hon. Mr. Henderson:** The government, previous to May 18, would not sign an agreement with Ontario. But again I repeat, Mr. Chairman: 1977-78, total grant to Ontario, \$26,195,000, or \$3.13 per capita; Quebec, \$164,087,000, or \$26.12. Total money, 1969 to 1977: Ontario, \$165,373,000; Quebec, \$841,452,000.

**Mr. Riddell:** I would like to see what that amounts to if you are looking at it from percentage of income made from agriculture in each province.

**Hon. Mr. Henderson:** It is pretty easy to look at. Ontario has almost two to every one. We have about double what Quebec has. If it had been fairly divided among our farmers, we would have had \$2 to Quebec's—

**Mr. Riddell:** How does Ontario's income from agriculture compare with Quebec's?

**Hon. Mr. Henderson:** We are about double. We have about twice theirs.

**Mr. Riddell:** All right. Does that not tell you something? You are still saying we

should get an equal amount from the federal government?

**Hon. Mr. Henderson:** I say a farmer is a farmer whatever part of Canada he is in, and the federal government should use each farmer the same, no matter what part of Canada he is in.

**Mr. McKessock:** Let us not wait on the federal government. Let us see what our own provincial government can do.

**Hon. Mr. Henderson:** Let us not defend them. You people are in a real defensive position over this and you hate to hear the true facts.

**Mr. MacDonald:** While you are defending them and while he is fighting them, he is not getting around to the inadequacies of the provincial government.

**Mr. McKessock:** That is right. Let us move on to the provincial government.

**Mr. MacDonald:** Let us get on with his own responsibilities.

**Hon. Mr. Henderson:** Let us let it be known that Quebec has 43,000 census farmers while Ontario has 74,000. Mr. Chairman, I would have to tell you that I did say it was two to one. It is hardly two to one. It is about 1.8, so I will have to back off a little bit on that two to one. Still, it is close enough.

**Mr. Riddell:** You just told us that there should be no equalization grants or payments made to have-not provinces. That is what you really said.

**Hon. Mr. Henderson:** I will stand on my position that a farmer is a farmer, whether he is in New Brunswick or Ontario.

**Mr. Riddell:** In other words, why do you not write to the federal government and say, "Cut out your equalization scheme"?

**Hon. Mr. Henderson:** I say every farmer in this country should be used exactly the same by the government of Canada. If you differ with that, fine; I want to hear you differ with it. Come on out and say so; come on out and make your position clear.

**Mr. McKessock:** It would be a lot better for the farmers of Ontario.

**Hon. Mr. Henderson:** I have no trouble putting my position on the line.

**Mr. MacDonald:** You can fight the next provincial election by browbeating Quebec.

**Hon. Mr. Henderson:** I could take it a little bit further, Mr. Chairman. In Ontario, the feds pay 50-50 with us on drainage. In Quebec they pay 60-40. How is that fair to the Ontario farmer? You tell me. You are

defending the action of the government of Canada. You really are not supporting the farmers of Ontario.

**Mr. McKessock:** Let us move on to the actions of the government of Ontario.

**Hon. Mr. Henderson:** Let us go on a little further to our production.

**Mr. Riddell:** Your civil servants have really had to go to the bottom of the barrel to fill out this line of junk.

**Hon. Mr. Henderson:** The chairman could have told you this a year ago without a note in front of him. I heard him.

Interjections.

**Hon. Mr. Henderson:** Nobody denies what Mr. Chairman told a group of his farmers in eastern Ontario. By the way, the former Liberal candidate was in the audience that day when Mr. Villeneuve told him, and he did not deny it.

I want to go on about what was suggested, that is, that Ontario was not producing. Let us go back to the corn in Ontario: in 1970 we produced 95 million bushels; Canada produced 103 million bushels; in 1979 we produced 169 million bushels.

Winter wheat: in 1970 we produced 15.6 million bushels. In 1979 we produced 25 million bushels. I have to admit we are down in the production of tobacco. In 1970 we produced 199 million pounds, while in 1979 we produced 149 million.

9:40 p.m.

**Mr. MacDonald:** That's the Tory mould on it, the blue mould.

**Hon. Mr. Henderson:** Yes, the mould would have a little effect; blue mould, painted blue. It is not a bad colour, though.

For soybeans, in 1970 we produced 10.4 million bushels, and in 1979 24.7 million bushels. In 1970 we produced 118 million pounds of dried white beans, and in 1979 136 million pounds.

In 1970 we produced 1,204,000 head of beef and veal, and in 1979 1,400,000 head. That is up 220,000 head. Pork was 3.4 million head in 1970 and 4.9 million in 1979. Sheep and lambs were 132,000 head in 1970, and down a little to 107,000 head in 1969. Poultry slaughtered in 1970, 343 million pounds, and in 1979 440 million pounds. I could go on, Mr. Chairman—

An hon. member: Please don't!

**Hon. Mr. Henderson:** For instance, in 1970 egg production was 187,000 dozen, and in 1979 180,000 dozen.

**Mr. Riddell:** All this is due to the farmers' efficiency. Absolutely no credit should be

given to the province of Ontario. It reflects the freeze at this point, and that is that the farmers have been sacrificed at the altar of their own efficiency. I believe that was a phrase coined by the former deputy minister, J. Biggs. Don't you take the credit. You make me a little put out.

**Hon. Mr. Henderson:** Mr. Chairman, with all due respect, the member is very negative. He really can't accept the true facts.

**Mr. MacDonald:** Are you going to come over it to the birth rate increase in Ontario?

**Hon. Mr. Henderson:** No. I could give you quite a sermon on that.

**Mr. Wildman:** We are going to wait for Mr. Williams to give us that.

**Hon. Mr. Henderson:** Mr. Williams will be quite capable of doing that as well.

The imports of food products have increased. We do not argue about that. The total value of agriculture and food imports in 1973 was \$905 million. In 1979, there were \$2.05 billion in imports, more than double from 1973 to 1979. I want to make sure you have the true facts. I want you to fully understand. I do not want you to go out here disillusioned and not know the true facts of the overall situation.

**Mr. MacDonald:** Will you give us some information now—which is the correct figure?

**Hon. Mr. Henderson:** Let me go on. In 1973, nonreplaceable imports totalled \$301 million, or 33 per cent, let us say a third, of the total. In 1979, they were \$799 million, or 39 per cent. It went up from a third to 39 per cent.

**Mr. MacDonald:** Still, 60 per cent of \$2 billion is replaceable.

**Hon. Mr. Henderson:** No. One of the biggies, to give you an idea, is bananas. Did you, I love apples, but then you have to look at what these nonreplaceable imports are. In 1973, imported bananas totalled \$1 million. In 1979, it was \$31 million. The value of imported orange juice in 1973 was \$15 million, and in 1979, it was \$42 million. Our apple production is expanding. In 1973 it was valued at \$20 million and in 1979, at \$52 million. I need not tell you that a week from Monday I will be opening the first peanut processing plant in Ontario.

**Mr. MacDonald:** You and Jimmy Carter.

**Hon. Mr. Henderson:** I cover more than on riding.

**Mr. MacDonald:** Before you leave that part, did you say our imports are now over \$2 billion?

**Hon. Mr. Henderson:** Yes. I will go on. I will come back to this.

**Mr. MacDonald:** But you said it was over \$2 billion?

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** You leave me rather puzzled.

**Hon. Mr. Henderson:** I said in 1979 it was over \$2 billion.

**Mr. MacDonald:** Okay. "On August 14, 1980, remarks by Hon. Lorne C. Henderson, Ontario Minister of Agriculture and Food"—I think that is you—"at the Farm Prod'ex '80 reception: His first objective is to replace"—this is the objective of the market development branch—"Ontario's food imports with Ontario produce. It is currently estimated that 40 per cent or \$600 million of our \$1.5 billion in imports"—not \$2 billion. How come a year ago it was \$500 million more than it is now?

**Mr. Riddell:** That is what one calls a speech for every occasion.

**Mr. MacDonald:** I do not mind a speech for every occasion, but if your figures are \$500 million out that is—

**Hon. Mr. Henderson:** I do not regret the figures bother them. I can understand that.

**Mr. MacDonald:** It is not a question of the figures bothering them. They should bother you. That is the problem.

**Hon. Mr. Henderson:** I can understand the figures bother them and they are having a difficult time to understand.

**Mr. MacDonald:** What are you talking about? These are your figures of \$1.5 billion in August of this year; yet you tell me it was \$2 billion in 1979.

**Mr. McKessock:** Can you give us an explanation for the \$500 million discrepancy?

**Hon. Mr. Henderson:** I have a lot of figures.

**Mr. MacDonald:** If this is how authentic and reliable the information you give us is, you may as well stop right now.

**Hon. Mr. Henderson:** I have a lot of information for them to digest.

**Mr. Wildman:** You have all right, but none of it means anything.

**Hon. Mr. Henderson:** I have a real stack of it here. I hope I will be able to hold the floor for a few hours to give me an opportunity to continue. Where was I?

Coconut oil: In 1973, it was \$7 million and in 1979, \$26 million. We have developed new soybean varieties to expand production. Our corn sweetener plant: Sugar was



\$38 million in 1973 and in 1979, \$95 million. Corn sweetener plants should replace some of these imports. Coffee: I have been drinking it here tonight so I am guilty. I suppose the rest of you do not drink coffee.

**Mr. Wildman:** Apple juice.

**Hon. Mr. Henderson:** I like that, too. Coffee in 1973 was \$29 million and in 1979, \$130 million.

**Mr. MacDonald:** Largely the same quantity but a larger price.

**Hon. Mr. Henderson:** I do not have those figures with me. We can get them, though, if you would like us to.

**Mr. McGuigan:** Coffee growers got a break.

**Hon. Mr. Henderson:** During that period of 1973 to 1979, Ontario's agriculture and food exports increased by 104 per cent, but imports of nonreplaceable imports increased by 165 per cent.

**Mr. MacDonald:** Please do not. If the amount of replaceable is now 60 per cent—and I will take your \$2 billion because that makes a better figure for my purposes now—60 per cent of it is \$1.2 billion that is replaceable. Do not give us percentage figures and throw them in our eyes.

**Hon. Mr. Henderson:** Both of the opposition parties have made a few remarks about the processed food and vegetable industry in Ontario.

**Mr. MacDonald:** I do not know what you would do if somebody had not given you this material.

**Mr. Riddell:** This is the insulting part of it. They are high-class people thinking they are going to dumbfound the members by providing him with that kind of stuff.

**Mr. MacDonald:** I do not really blame them the way he is using it.

**Hon. Mr. Henderson:** With all due respect, I am pretty proud of the staff of the Ministry of Agriculture and Food.

**Mr. MacDonald:** Oh, sure. I am proud of them too.

**Hon. Mr. Henderson:** I can tell you their actions are worthy of it. We are quite confident in them.

I made a statement in the House last June on the matter of the processed fruit and vegetable industry of Ontario. I want to take this opportunity to elaborate on some of my remarks at that time. In so doing, I hope to dispel any misconception some of you may still unfortunately have regarding

this ministry's programs and initiatives related to the task force recommendation.

The task force report was submitted to the Ministry of Industry and Tourism on June 27, 1979. The report covered six major areas. The first four dealt with proposals for economic incentives to be made available to growers and processors. The last two areas dealt with marketing board-processor relations and information needs.

9:50 p.m.

The specific areas examined in the report were financing and incentives; reviewing the tender fruit processing industry; stimulating the tomato paste industry; increasing the apple juice industry, improving process marketing board relations. The Minister of Agriculture and Food considers the task force report helpful in its ongoing work with the processed fruit and vegetable industry in Ontario. I must add that a number of our related programs were well under way before the task force completed its report.

Let me now get down to some of the specific initiatives my ministry has taken and will be pursuing as they relate directly and indirectly to the task force recommendations.

**Mr. G. I. Miller:** Were those processing plants established or was a study just made?

**Hon. Mr. Henderson:** No, I said the task force reported June 27, 1979, to the Minister of Industry and Tourism.

**Mr. G. I. Miller:** Has anything happened?

**Mr. MacDonald:** He is getting to that.

**Hon. Mr. Henderson:** Give me a few hours. We have to spend 20 hours here so I want to take a little bit of time so you will be able to digest it.

The tender fruit processing industry is an essential and vital industry in this province. The rebuilding of our lagging peach processing industry has required close co-ordination and co-operation among nursery stock growers, peach producers and processors. The clingstone peach tree planting program has been under way for several years. At one time it did slow down. The program has been reviewed and is well in hand. This revival has been initiated by the tender fruit development committee and especially by Canadian canners.

The industry has indicated that this program can be carried out without government financial assistance at any time. Producers are requesting long-term contracts from Canadian canners which would, in effect, be the incentive that is required. My ministry

will continue to work closely with the total industry on this program.

The development of a more viable tomato paste industry in Ontario is proceeding in a very positive manner. A majority study undertaken by my ministry, in co-operation with the growers and processors, was completed last year. This study was extremely well received by the industry. It is serving as a model for further developments in this area.

In addition, my ministry has arranged for financial assistance through the employment development fund of \$270,000 to Sun-Brite Canning for plant expansion in the tomato paste area. I should point out here that the marketing division of the ministry has responsibility for dealing with all agriculture and food-related applications for assistance from the employment development fund. My staff will continue to assess and assist any applicant who may be eligible under the fund.

**Mr. MacDonald:** When was that \$270,000 grant given?

**Hon. Mr. Henderson:** I have it here that put out a press release on January 14.

**Mr. MacDonald:** Of this year?

**Hon. Mr. Henderson:** Yes. I am trying to make my mind think back, I know I was at the fruit and vegetable growers' meeting in Windsor.

**Mr. MacDonald:** Why would Larry Grossman be telling me a month ago in the estimates that these grants have not been given out yet?

**Hon. Mr. Henderson:** Wait a minute. I did not say it was given out; I said it was announced. I have not checked if the cheque has gone out.

**Mr. MacDonald:** Why would he say it has not been announced when I asked him if a decision had been made as to whom these three grants—he said there were three in the food processing industry—

**Hon. Mr. Henderson:** There were another three yet. He mentioned three. I have his statement to you here. I will get to that later in my remarks.

But on January 14, I did announce this grant and the part that is running through my mind—were you in Windsor that day?

**Mr. McGuigan:** I might help you out to some extent. I visited Sun-Brite—the facilities in place—

**Hon. Mr. Henderson:** No, but I was down at the fruit and vegetable growers' annual meeting in Windsor or Essex—down in that area anyhow—at that time I knew we had a

grant to give, but something is telling me it was January 4 or 5.

**Mr. McGuigan:** That's about when I was at the Leamington arena.

**Hon. Mr. Henderson:** The press release I have—I will go into it right now.

**Mr. MacDonald:** Wait a minute, are you giving us grants that your ministry had authorized and these are in addition to or preceded the ones that Larry Grossman talked about that had not yet been decided and therefore he could not announce?

**Hon. Mr. Henderson:** I believe this is the first one we did. It is part of the employment development fund.

**Mr. MacDonald:** It is a hell of a way to run a railroad.

**Hon. Mr. Henderson:** No, it is not my ministry. It was \$200 million that Larry Grossman was talking about.

**Mr. MacDonald:** Why would Grossman say there had been three decided on but he was not able to announce them and he could not give me an assurance it would be announced before these estimates started?

**Hon. Mr. Henderson:** There are four. I have them later on. If you want me to go over them now I would be glad to.

**Mr. MacDonald:** I would first like to get things straightened out between your two ministries.

**Hon. Mr. Henderson:** There is no misunderstanding on my side. I know each one of the grants full well. I was with the committee when they were arranged. That is the only doubtful part. This was dated January 14 and, as I say, I think it was January 4 that I was in Essex. I knew on that day I talked to the people there and told them. Maybe he did not announce it on that day but I was aware of it at that time.

**Mr. MacDonald:** It was last January?

**Hon. Mr. Henderson:** It was January and my announcement was January 14.

Here is the announcement: "Agriculture and Food Minister Lorne Henderson has announced that a \$270,000 grant has been awarded to Sun-Brite Foods Limited of Ruthven, Ontario, near Windsor. Sun-Brite, an independent Canadian-owned company, will use the grant to install an evaporator to produce concentrated tomato salads from which the company will produce varied tomato-based sauces such as spaghetti and pizza sauces. To operate the evaporator, Sun-Brite will need to control and contract another 600 acres of tomatoes worth \$1 million

at the farm gate. Ten jobs will be created at the Sun-Brite plant.

"Making the announcement, Mr. Henderson said that the tomato paste industry has a tremendous future in Ontario. The grant shows the government's commitment to the success of this new plant. Mr. Henderson also congratulated Sun-Brite and said, 'I know this Canadian company will make an important contribution to the economy of southwestern Ontario.' This announcement follows release of a report on the prospects of the tomato paste industry released in December. The report indicated a good future potential for such an industry replacing large volumes of imports.

"The Sun-Brite operation is expected to replace about \$2 million in imported paste. The employment development fund is an Ontario government program aimed at creating employment in various sections of the provincial economy."

**Mr. McGuigan:** You should mention that the reason it is possible is that the federal government put a 13.5 per cent or 13 point something per cent duty on paste coming into Canada in addition to your EDF grant.

**Hon. Mr. Henderson:** There was a question in the House the other day about the import of tomatoes. Peter Epp has left a message for me—I need to phone him—Remo Mancini made a major statement about it—

**Mr. MacDonald:** It was a ministerial statement.

**Hon. Mr. Henderson:** I was not in there.

**Mr. Riddell:** There was no need for your statement; he had answered the question.

**Hon. Mr. Henderson:** I heard that later.

He was talking about the greenhouse tomatoes and he was pointing out quite clearly that the association itself had decided some two weeks ago it was costing too much to heat the greenhouses to keep on production. I do not think he went so far to tell about another problem, which I know you are aware of, Jim. When the greenhouse producers decided to cut off—and I do not criticize them for this—the federal government removed that embargo to help the consumers. I don't know whether you know that or not. I know Remo would know it. I am not criticizing; it made these tomatoes cheaper.

**Mr. McGuigan:** That is part of the new tariff agreement.

**Hon. Mr. Henderson:** Yes, that is part of the tariff agreement.

10 p.m.

**Mr. MacDonald:** Mr. Minister, just so I can see your subsequent answers in context: As I understand it now, all this confusion about economic fund grants being over and in the Minister of Industry and Tourism's bailiwick is now out the window. EDF grants going to the food industry are wholly within your jurisdiction.

**Hon. Mr. Henderson:** I was awarded \$5 million for my staff to find a place to allot it. They just gave me a little bit. The Treasurer (Mr. F. S. Miller) is still the chairman of that committee, but it is my staff here tonight who do the research and bring the information to me.

**Mr. MacDonald:** Here is one instance where your jurisdiction extends into the food industry, beyond the farm gate and the normal parameters of your operation.

**Hon. Mr. Henderson:** It is one area where my staff make recommendations.

**Mr. MacDonald:** I was hoping I could persuade you to do the same thing in milk and look through the milk industry.

**Hon. Mr. Henderson:** You would be shocked to know I had breakfast this morning with the chairman of the Milk Marketing Board and we were talking about this.

**Mr. MacDonald:** They have been talking to you for years and you have not responded yet.

**Mr. G. I. Miller:** Just one more question: From your studies, is there any need for more facilities to process or make tomato paste?

**Hon. Mr. Henderson:** I do not have that but I will address that later. I do not have it here with me at this moment.

**Mr. McKessock:** Is that \$5 million for the 1980-81 year? How much have you put towards this?

**Hon. Mr. Henderson:** I will get to it. I have it here later in my remarks.

**Mr. MacDonald:** I guess we had better go. Mr. Chairman. Are we coming back?

**Mr. Chairman:** I do not think so. We can cut it off now and make up the half hour later.

**Hon. Mr. Henderson:** I will stop at this point because there are things here the committee should really know as to how we did address that report. I have a prepared text on it.

**Mr. Riddell:** Mr. Chairman, are you going to make note of the half hour that we are losing?



Mr. Chairman: That's right.

Hon. Mr. Henderson: It is indicated that this program can be carried out without government financial assistance at this time. Producers are requesting long-term contracts from Canadian canners which would in effect—

Mr. MacDonald: We are back to the peaches.

Hon. Mr. Henderson: I wonder if there is a record of how far I got. I got breezed away from it, but I will start at the top of page three the next time.

The committee adjourned at 10:02 p.m.

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No. R-49

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**

Tuesday, November 25, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, NOVEMBER 25, 1980

The committee met at 8:15 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

**Mr. Chairman:** The meeting will come to order. I am sorry about this mixup. I was not aware until I saw the Order Paper. I received word from the minister's executive assistant just before I went into the House that we would be on Agriculture and Food tonight. I saw the Order Paper just as it was, so I did not say anything. The Provincial Secretary for Resources Development (Mr. Brunelle) told me at five o'clock he would like to know a few days in advance when he was going to come on again because he had to invite his personnel here and some of them had to come from a distance. I presume the escarpment people come from different areas of the western section of the province.

**Mr. Martel:** Mr. Chairman, with the greatest of respect, I do not know how this occurred. It is unusual, to say the least, that three government documents it says we will continue with resources development tonight. I do not know who made what arrangements. Certainly it has never been issued to the Liberal House leader. I just finished speaking with their House leader.

**Mr. W. Newman:** Wait a minute. I understand that at four o'clock this afternoon—

**Mr. Martel:** Just don't panic.

**Mr. W. Newman:** Be careful, or I will talk about you.

**Mr. Martel:** I want to tell you the House leaders were not involved. There was no discussion with the House leaders about it. This sort of nonsense really leads to nothing but bedlam. It would be nice to know who made the arrangements. If they were made between two ministers, then I would suggest the two ministers should indicate to the House leaders that they have some sort of agreement so we can either agree to it or make the necessary arrangements. The bedlam that

has prevailed since about six o'clock is really for the birds.

I do not know if the Liberals have been able to find their critic yet. Luckily, I told Mr. MacDonald he could go if he wanted to go, because he was not on and no arrangements had been made or no discussion had been undertaken in terms of changing the consideration of the estimates. That was the agreement and the order of business decided upon last Thursday.

If somebody has taken it upon himself to change the order of business, I suggest that without our benevolence he could find himself with a whole staff here and with no one around to talk to.

**Mr. Nixon:** Mr. Chairman, we were not informed of this change. As far as I know, our critic is down at the Ontario Federation of Agriculture conference.

**Mr. MacDonald:** That is where I would have been, but I was told I was supposed to be here.

**Mr. Nixon:** The first I heard of the change was really about five minutes ago, but certainly we do not want to hold up the unfolding of the universe. If the minister is prepared to make his response to the critics, we do not want to adjourn the meeting. I think probably we can profitably use the time, particularly since the minister's staff is all gathered here. The idea we have, is that you and Mr. Brunelle just worked this out. The least you should do is let your own House leader know, for God's sake.

**Mr. Chairman:** We will not have any more mistakes. We will continue tonight, tomorrow and Thursday with Agriculture and Food.

**Mr. Ruston:** Perhaps the minister could answer Mr. Nixon's query. It would help considerably.

**Mr. Chairman:** That would be all right. I am just arranging a program because I promised Mr. Brunelle I would give him ample opportunity to have the personnel he needs. I understand there are people on the Niagara Escarpment Commission whom he has to notify to get here when he needs them.

8:20 p.m.

**Mr. Ruston:** Mr. McKessock was expecting that tonight.

**Hon. Mr. Henderson:** Gentlemen, it would not hurt my feelings if I did not have to talk tonight. I have almost lost my voice. I was not in the House yesterday or today because of the cold I have.

I did not read the Order Paper, but about a month ago when I learned my estimates would be coming on last week, I pointed that out to my colleagues. It was suggested at that time that if I were involved with the Royal Winter Fair, Mr. Brunelle could come on and could fill in as he did last Tuesday night. I had involvements with the Royal Winter Fair. Then it was my understanding that I would go on with my estimates. I have to admit again that I was not in the House yesterday or today and had not read the Order Paper.

**Mr. Nixon:** Mr. Chairman, if I might help the minister, I have a notice here from the Office of the Clerk dated November 25 and addressed to me that says: "This is to inform you that the standing committee on resources development will meet on Tuesday, November 25, at 8 p.m. in committee room No. 1 to consider the estimates of the resources development policy field. Respectfully yours, Roderick Lewis, Clerk of the House." That is dated today.

**Hon. Mr. Henderson:** Let me tell you that this morning when I learned that I was not down tonight, I did speak to the office of our House leader. I presumed he had passed it on to the opposition.

**Mr. Nixon:** He did not know anything about it.

**Hon. Mr. Henderson:** That will be up to him and me to argue out, but his staff certainly knew what the arrangement was.

**Mr. W. Newman:** Mr. Chairman, may I say I appreciate the minister's showing up tonight, as sick as he is.

**Hon. Mr. Henderson:** I do not argue with you that you people are faced with a problem, and I understand it. I would possibly feel as you do; I do not argue with you. But as I say, within the staff of our House leader there was an understanding. Maybe that was not passed on to our House leader; I do not argue that. I expect it was not or it would have been passed on to you. If it is a problem to you, we are certainly willing—

**Mr. Wildman:** Mr. Chairman, I do not think we want to inconvenience the staff of

the ministry who have come out this evening. With respect, I want to point out that this arrangement, or whatever took place, may have happened today, but the decision to have resources development policy field debated tonight was not something that was made just recently. My House leader informed me of that over a week ago, prior to the time we had the first part of those estimates last Tuesday. At the end of last Tuesday's meeting, it was my understanding, and I am sure it was the understanding of the Liberal Party, that we were to continue with Mr. Brunelle's estimates and to complete them this evening.

Obviously, we cannot do that. I suppose we should proceed with the estimates of the Ministry of Agriculture and Food since the staff has come out and we do not want to inconvenience them. But I just want to point out that we had better make sure from now on that the House leaders are informed of whatever problems the ministers may have in getting to estimates.

**Mr. Chairman:** The whole mixup goes right back to the first meeting we had with Mr. Brunelle. The minister had to go to the Royal Winter Fair, and this is why the provincial secretary's estimates came on. I understand that Agriculture and Food would follow right on through afterwards until saw what was on the Order Paper today. I did not change anything at all, but Mr. Brunelle informed me at five o'clock that he would want some time to notify his personnel. That is what he told me. I asked him what he was going to do tonight. He told him it did not matter to me whether we went on with Agriculture and Food or with his estimates.

**Mr. Martel:** Mr. Chairman, every Thursday night by rule the order of business for the following week is announced. In fact it was announced last Thursday that tonight we would go on with resources developments. It is obvious someone made a decision this morning to switch without the information filtering back to anyone else.

**Hon. Mr. Henderson:** I have already agreed to that. I don't argue with you that.

**Mr. Nixon:** I suggest you go on and you will simply owe us another one.

**Hon. Mr. Henderson:** If it would be helpful to your parties, I was going to speak our House leader some time tomorrow and propose that Mr. Brunelle's estimates be two weeks from tonight and the Wednesday following. How does that sound to you people? That will give us all lots of time



**Mr. Chairman:** I will just try to simplify it. It is quite easy on a Wednesday to get three hours in which is what is left on Mr. Brunelle's estimates because of the vote we had. I think we should arrange for him to come on a Wednesday. It is too bad to make people come if they are coming from a distance.

**Hon. Mr. Henderson:** How much have we got left to do?

**Mr. Chairman:** He has two hours and then another three hours left. I would like to call these people in only once. I do not know where they come from, but I understand it is from out of town.

**Mr. Nixon:** All the way from Orangeville.

**Mr. Chairman:** It is out of town anyway.

**Hon. Mr. Henderson:** What other work does the committee have before it?

**Mr. Chairman:** Just your estimates and the Provincial Secretary for Resources Development.

**Mr. J. Johnson:** Mr. Chairman, why don't you slate Mr. Brunelle's estimates for next Wednesday and that will give his people even or eight days' notice?

**Hon. Mr. Henderson:** As the minister, I have other problems. I might have problems with appearing two weeks from tonight and tomorrow. My deputy will be away at a conference in Ottawa during that period, so we do have problems with that date. Let us leave that up to the House leaders.

**Mr. Chairman:** Is it all right to go ahead with Agriculture and Food tonight, tomorrow and Thursday? That is as far as we will go right now.

**Hon. Mr. Henderson:** Mr. Chairman, it might be that I will have to give way to somebody else to make my remarks as the evening goes on. You will remember last Thursday night when the bells commenced ringing, I was involved in responding to the opposition. Just so the record is straight, I am going to be duplicating one paragraph.

The development of a more viable tomato paste industry in Ontario is proceeding in a very positive manner. A major study undertaken by my ministry in co-operation with growers and processors was completed last year. This study was extremely well received by the industry. It is serving as a model for further development in this area. In addition, my ministry has arranged for financial assistance through the employment development fund of \$270,000 to Sun-Brite Canning for plant expansion in the tomato paste area. I should point out here that the marketing division of the ministry has the responsibility

for dealing with all agriculture and food-related applications for assistance from the employment development fund. My staff will continue to assess and assist any applicants who may be eligible under the fund.

We are continuing to work closely with the apple commission and processors in the development of an apple juice industry. One of the problems we dealt with in this area is the economic viability of the industry. At the present time, growers are reluctant to plant orchards for juice purposes only. As a result of discussions held between staff from my market development branch and Canvin Products Limited, a project has been undertaken to evaluate the profitability of producing apples for juice produce versus the fresh market. These are but two examples of our ongoing work in this area.

Moving to the area of improving processor-marketing board relations, my ministry, through the Farm Products Marketing Board and the Milk Commission of Ontario, is promoting policies wherever possible to accomplish this objective. It is the policy of both the board and the commission to hold discussions and seek out viewpoints from all segments of the industry that may affect it before any major change in government regulation is considered. The Farm Products Marketing Board is required to provide a thorough economic impact study before any new marketing plan is recommended to be put into force.

8:30 p.m.

For many years, the price of vegetables for processing was decided by negotiation, conciliation and arbitration. When both parties found difficulties in this method, the government considered two options. One was to delegate pricing powers to the producer, using a system of processor consultation. This step seemed premature and both sides agreed to a system of final offer selection or arbitration. The new approach to the negotiation was instituted this year. I am happy to inform you that the comments from both parties have been favourable to this approach. The report of Mr. Everett Biggs on the final offer selection process concluded that this approach worked very well on this year's negotiations and should be maintained.

I fully agree that ongoing communication should be encouraged between all parties concerned. This is being encouraged by the Farm Products Marketing Board and the milk commission through the establishment of advisory committees to commodity boards which include growers, processors and deal-

ers. These are chaired by either the Farm Products Marketing Board or the Milk Commission of Ontario. The aims of these committees are to foster and to seek input from the processors' sector to the commodity boards.

From the remarks I have just made, there should be no doubt in anyone's mind that the Ministry of Agriculture and Food has responded positively to the task force recommendation. I would like to take a few more minutes to mention briefly a number of other ongoing programs related to the recommendation of the task force.

This summer I met with a number of vegetable processors and growers to announce that the ministry is launching a program to establish several market development committees. These committees are formed from growers, processors and key ministry staff. They will be examining realistic ways to expand the growing and processing market for the designated commodities. I can inform you that both the growers and the processors have responded favourably to the concept and structure of these committees. To date, two committees have been established. One has had its first meeting and the other will be meeting in the very near future.

The export section of the market development branch is continually searching for market opportunities in foreign markets for Ontario products. A major part of this program is taking Ontario companies on export missions to these foreign markets and bringing in foreign buyers to meet with Ontario companies. An objective of the export section is to expand our exports from the \$1 billion level of last year to \$1.5 billion by the mid-1980s.

The market situation and outlook section of our branch is continuing to analyse and identify new geographic regions where additional sales can be made. This section is also analysing the effects of a new tariff arrangement on the Ontario fruit and vegetable industry. The collection of relevant information recommended by the task force for the fruit and vegetable industry is also well in hand by this section.

In conclusion, the marketing division of my ministry views the further development of the processed fruit and vegetable industry in Ontario as a viable area. This is well proven by our ongoing and new programs. This ministry has taken action and assumed its responsibilities in working with the total industry in virtually all areas dealt with by the task force report. We are identifying

those fruit and vegetable products which appear to be viable and of benefit to our economy. Borderline products are constantly being assessed since they may become more viable as various factors change. My ministry will continue to assume the responsibility of providing leadership to both the agriculture and processing sectors of the fruit and vegetable industry of this province.

Concerns have been expressed about the status of the tender fruit industry by opposition parties. I have covered this item in some detail in the House, but it is important to place my ministry's actions on record. First I would like to review a press release on the Tender Fruit Producers' Marketing Board. The growers are making these comments without any coaching. The Ontario Tender Fruit Producers' Marketing Board, grower of tender fruit, including peaches, pears, plums and cherries, harvested sold the largest crop in the past five years, officials of the Ontario Tender Fruit Producers' Marketing Board report. A relatively mild winter, ideal conditions for pollination and ample moisture during the growing season all were factors in the production of this large crop of excellent quality fruit. Of particular significance was the 30 per cent increase in the production of clingstone peaches sold to local processors.

The peach processing industry has undergone significant changes in the past 15 years as processors converted from the freestone varieties to the clingstone variety in an attempt to meet the competition from offshore products. While there is still a shortage of tonnage of clingstone varieties available in the province to meet the current processor requirements, board officials note that the combined efforts of the growers, the processors and the Ministry of Agriculture and Food have resulted in a significant new planting of this type of peach.

The combined efforts of government growers and processors are expected to begin to show favourable results as planting additional clings are expected to take place over the next three to five years. Consumer acceptance of Ontario-grown and -processed cling peaches is excellent, report board officials. This acceptance is due, in some measure, to the co-operation of the growers, the processors and the Foodland Ontario program and the Ontario government in successful promotion of canned and other processed fruits through the chain stores and other retailers.

During the late 1960s and early 1970s inadequate tariffs and subsidized production in other countries resulted in a steady and

serious decline in the peach-processing industry in Ontario. A combined industry effort to convert from the freestone to the clingstone variety and more recently improved tariffs have resulted in an outlook much more favourable for this crop in the peninsula than was the case a decade ago. Many processing varieties were replaced with fresh market varieties during this period of decline, and the volume of fresh peaches marketed in the 1980s was the largest since 1975.

The board chairman, Phil Andrews, stresses that the volume of peaches canned in Ontario will not reach the tonnage processed some 20 years ago, but this continues to be a healthy processing industry for the tender fruit crop produced in the Niagara Peninsula and other parts of southern Ontario.

In addition to the significant increase in the production of clingstone peaches, the sour grape crop was up significantly from 1979 and was the largest crop of cherries produced in Ontario since 1971. Bartlett pears, sweet cherries and strawberries were marketed through the sales division of the Tender Fruit Producers' Marketing Board. All were of excellent quality and considerably higher in quality than any of the past five years.

I did comment in the House on the tender fruit issue, but in view of the fact it has been raised again, possibly I should review my ministry's position, actions and that of the industry. This is what I said October 21, 1980, in the Legislature:

"I would like to respond to some of the comments raised yesterday regarding Ontario's fruit processing industry and, in particular, the peach processing industry.

"I want to clarify the difference between freestone peaches, which we all love to eat fresh from the farm, and the clingstone varieties, which lend themselves to modern canning methods . . . Clingstone means that the fruit clings to the pit but it is firm; it can be handled mechanically and will retain its colour, appearance and good flavour in the can.

"The industry realized some time ago that the canned product from our freestone variety peaches could not compete against large volumes of low-cost, and in some instances, subsidized imports of canned clingstones from California, South Africa and Australia. The lack of sufficient tariff protection contributed to a decline in our production and processing of traditional peach varieties.

"Ontario traditionally produced freestone variety peaches, but it was recognized that

the Ontario industry would have to swing over to production of clingstones if the processing industry were to compete. It has been a difficult task, but we are starting to see some gratifying results."

8:40 p.m.

"The peach research committee was formed a number of years ago, and our experimental station at Vineland tested many varieties of clingstone peaches and was able to recommend some varieties for planting in Ontario which would provide sufficient yields and a superior-quality product.

"The peach research committee is working constantly on all production aspects of peaches, including culture, trickle irrigation and new varieties to ensure that new plantings will be developed on the most efficient basis for Ontario conditions.

"The Ontario government is also giving leadership through the tender fruit development committee. This committee is made up of producers, processors, researchers and the government. It has charted out a replanting program for clingstones which has been under way for eight years. The industry has decided to proceed without government financial assistance in the replanting program at this time.

"I am gratified to note that the amount of clingstones coming to market has increased to 3,900 tons in 1980, some 1,000 tons more than last year. We expect this will increase each year. The major processor in Ontario has been working with individual growers and it is expected that additional clingstones will be planted each year until the industry reaches its first target of producing 10,000 tons for processing by the year 1990.

"To facilitate the long-term development of the peach processing industry, the Ontario government, through the Ontario Development Corporation, was instrumental in getting a cold storage built at St. Davids in the Niagara Peninsula. The Ontario Fruit-for-Processing Co-operative undertook a 15-year business incentive program loan with the Ontario Development Corporation for \$500,000, interest-free for five years. The cold storage is necessary to condition clingstone peaches for processing.

"As I stated earlier, one of the main obstacles to the development of the industry was the lack of tariff protection on imported products. In spite of all our efforts in Ontario, we still needed relief from the low-price imports. The entire industry, including producers, processors and this government, pressed the federal government for some years to provide adequate tariff protection.



"The new federal government elected in May 1979 came through with some relief. As a result, on February 1, 1980, the tariff on imported processed peaches was changed from a fixed tariff of 2.5 cents per pound to 12.5 per cent of the processed value. Now, with this greater protection, the planting program for clingstone peaches will speed up.

"This will mean the old tariff on a 56-pound case of canned peaches would be \$1.40. If the import value of a case was, say, \$20, then the new tariff rate would be \$2.50.

"We currently have 75,000 bearing clingstone trees producing about 4,000 tons annually. We have 30,000 nonbearing trees already in the ground. In 1981, 33,000 clings will be planted, and in each year until 1985 plantings will take place to provide 270,000 clingstones planted out by 1985. This will provide the target set by the industry of 10,000 tons by 1990, as previously stated.

"Incidentally, the new tariff program is of major value to other sectors. The outstanding example is the tomato solids processing program, which will result in major increases in tomato farming and processing.

"We know that market share of Ontario-grown peaches has dropped substantially from what it once was, and that the processing sector has gone through a rationalization. I believe the above-stated facts indicate the reason for this and show the situation is reversing as a result of our help and interest.

"Contrary to the belief of some people, the Ontario fruit industry is here to stay. Total tonnage of peaches for processing in 1980 was 4,916 tons of which 3,900 tons were clingstone peaches, up 1,000 tons from last year. I am pleased to say the total production of peaches for process and fresh market is increasing. In 1980 it totalled some 34,000 tons, up 20 per cent from 1979. The processing tonnage for all tender fruit, excluding grapes, in 1980 was 26,622 tons versus 23,243 tons in 1979.

"I would make one last comment on this matter. The producers and processors of tender fruit, through the Ontario Tender Fruit Institute, are involved in co-operation with the Foodland Ontario shared-cost program in a promotion of processed fruit products which includes cherries, peaches, plums and pears. A very successful frozen cherry promotion has just concluded. A promotion exhibit is planned at the Royal Winter Fair, and a canned fruit promotion is scheduled for the month of March.

"This government is vitally concerned with the future of the fruit industry in this province. We have and will continue to support this industry in every way we can."

There have been a number of comments on how badly Ontario is doing, how we have failed to expand production, and how we have lost ground as a percentage of Canadian production.

On November 20, I outlined how Ontario has done in relation to Canadian production. Tonight I want to relate how we have done in the fruit and vegetable crops in the past decade. These are tonnage figures.

You can always pick years to prove a point. What I have done here is take a five-year average. I have taken the five-year average of 1966 to 1970 as compared with the five-year average of 1976 to 1980, or the 10-year period.

**Mr. McKessock:** I do not like that.

**Hon. Mr. Henderson:** You do not agree with that?

**Mr. McKessock:** No, because the figures show we have been losing our percentage of Canadian production over the last five years. In taking averages you can mess it up.

**Mr. MacDonald:** Fudge it.

**Mr. McKessock:** Fudge it is right. If you take the specific products, especially meat products of beef, pork, eggs and poultry products, you will see where we have been losing our share of Canadian production.

**Hon. Mr. Henderson:** I asked my staff to put together the figures I quoted. Not knowing what it would mean I said, "Take an average."

**Mr. McKessock:** Certainly, those kinds of figures are going to look better but they give you a very rough picture.

**Hon. Mr. Henderson:** Let us hear them. They were figures I wanted. Maybe you are not interested in them but I certainly was. That is the reason I asked my staff to put them together.

For apples, the 1971 production was 135,777 metric tons. The 1980 production was 151,850 metric tons. The 1966 to 1970 average was 127,816 metric tons. The 1970 to 1980 average was 135,967 metric tons or up six per cent in that 10-year period.

**Mr. McKessock:** Are you saying the total metric tons are up?

**Hon. Mr. Henderson:** Yes.

**Mr. McKessock:** You are not talking about our percentage of the Canadian production as being up?

**Hon. Mr. Henderson:** I am speaking about the Ontario production.

**Mr. McKessock:** Of course, our production has been going up steadily but our share of the Canadian production, our percentage share, has been going down.

**Hon. Mr. Henderson:** I do not have those figures. Let me go on to grapes.

**Mr. W. Newman:** Prove it.

**Mr. McKessock:** The figures are right there. Your own figures are there.

**Mr. W. Newman:** You play around with figures. We all do.

**Mr. McKessock:** That is what we are doing, we are playing around with taking averages.

**Hon. Mr. Henderson:** These are actual figures that I asked staff to put together for me tonight. Criticism has been levied by opposition parties that our farmers are not doing their job. I say they are and the figures are here to prove it.

8:50 p.m.

These are all in metric tons. Grapes in 1971 were 76,362 tons and in 1980 were 60,991 tons. If we go to the 1966-70 average, it was 54,967 tons; for 1976-80, it was 64,164 tons. That is an increase in that period of 16 per cent. Peaches in 1971 were 47,546 tons; in 1980, there were 29,380 tons. The five-year average prior to 1970 was 36,426 tons. The five-year average prior to 1980 was 30,260 tons or a deficit, a drop-back of 17 per cent. Pears in 1971 were 26,001 tons and in 1980, 19,435 tons. For the five years previous to 1970 it was 20,396 tons and for the five years previous to 1980, 15,891 tons. Again, there is a drop-back of 24 per cent. Strawberries in 1971 were 6,358 tons and in 1980 were 10,758 tons. In the 10-year period previous to 1970 it was 5,185 tons and previous to 1980, 9,067 tons or an increase of 75 per cent.

We now go to the vegetables. Potatoes in 1971 were 361,100 tons and in 1980 were 43,918 tons. In the 1966-70 period it was 106,580 tons. Previous to 1980 it was 377,145 tons. We have dropped back seven per cent. We have lost this to other parts of Canada; as you suggested, to the Maritimes. Tomatoes in 1971 were 356,399 tons. In 1980 it was 58,679 tons. Previous to 1970 the five-year average was 314,428 tons and previous to 1980 it was 416,836 tons, or an increase of 3 per cent. Corn in 1971 was 142,833 tons; in 1980 it was 202,528 tons. The five years previous to 1970 was 126,372; the five years previous to 1980 was 177,587, or an increase of 41 per cent. Carrots in 1971 were 53,631

tons; in 1980, they were 80,421 tons. The five-year average previous to 1970 was 67,205 tons, while previous to 1980 it was 87,262 tons, or an increase of 30 per cent. Rutabagas in 1971 were 48,345 tons and in 1980 were 57,410 tons. For the five years previous to 1970, it was 60,174 tons and for the other five years 57,233 tons, a five per cent decrease. Onions in 1971 were 52,339 tons and in 1980 were 55,138 tons. For the five years previous to 1970 it was 58,768 tons and the previous five years to now, 65,489 tons or an increase of 11 per cent. Cabbages in 1971 were 37,966 tons and in 1980, 50,729 tons. For the five years previous to 1970, it was 33,975 tons. For the five years previous to now it was 52,785 tons, an increase of 55 per cent. Cucumbers in 1971 were 40,544 tons and in 1980, 52,388 tons. For the five years previous to 1970 it was 34,690 tons. For the past five years, it was 46,247, an increase of 33 per cent.

**Mr. Riddell:** This may be the time to correct the record because I am sure the minister and the staff advising the minister did not want to mislead this committee, but I have to tell you that if we exclude bananas and citrus fruits which cannot be grown in our climate, and also potatoes and onions which are storable crops, we find that imports represent 76 per cent of the product handled at the Toronto terminal. That is contrary to what the minister told us the last day.

**Hon. Mr. Henderson:** Would you repeat what you said?

**Mr. Riddell:** Yes. If we exclude bananas and citrus fruits which cannot be grown in our climate, and also potatoes and onions which are storable crops, we find that imports represent 76 per cent of the product handled at the Toronto terminal. That comes as quite a surprise to you, doesn't it, Mr. Minister? These facts show that Ontario is seriously deficient in fresh fruit and vegetable production, despite the fact Ontario has the most advantageous climate and land base for horticultural crop production in Canada.

If you would permit me to try to correct the record again, the minister was trying to tell us the last time we met that Quebec was given all the handouts and Ontario was not getting its share. The Minister of Agriculture in Ottawa spends approximately 16 per cent of his budget in Quebec as compared to 54 per cent in Ontario. The total might be somewhat biased in Ontario's favour by the location of the departmental headquarters and research institutes in this province, but compare these figures to each province's share of Canada's farm cash receipts, which are 13.6

per cent for Quebec and 28.6 per cent for Ontario.

I was concerned when the minister and his staff were trying to feed us that information, so I thought I would get it right from the horse's mouth, that is, right from Ottawa. Listen to this. The dairy subsidy column shows the federal dairy subsidy amounts to \$2,840 per census farm in Quebec compared to \$1,044 in Ontario. Forty-eight per cent of the total subsidy goes to Quebec producers against 32 per cent to Ontario's.

9 p.m.

The substantial differential between the two provinces reflects the following facts: (1) Quebec has a much larger share of the national quota than Ontario; in other words, 48 per cent of market share quota. (2) Milk production represents a much larger share of the Quebec agricultural economy than is the case in Ontario. (3) The Farm Credit Corporation made 19.2 per cent of its loans in Quebec in 1978-79 versus 29.2 per cent in Ontario. In dollar terms, this meant \$99 million to Quebec versus \$150 million to Ontario. Ontario's share of Farm Credit Corporation loans is slightly in excess of its 28.6 per cent contribution to total Canadian farm cash receipts. (4) The agricultural stabilization payments for Ontario in 1978-79 amounted to \$364 per census farm compared with \$139 for Quebec. This large difference reflects the fact that a substantial payment was made to Ontario wheat producers amounting to \$16.8 million.

In conclusion, in all expenditure categories selected, departmental expenditures, which include grants and contributions, dairy subsidy payments, ASB payments and loans by the FCC, Ontario received a proportion of expenditures to loans greater than its contribution to total Canadian farm cash receipts. In all cases, except dairy subsidies, the total expended in Ontario greatly exceeded the total expended in Quebec.

I cannot let the minister and his staff get away with that crap that Ontario is getting nothing and Quebec is getting everything. I was a little sore to think that your staff—I know you do not know, Mr. Minister—would advise you to come and give us these figures to try to lead us down the garden path.

**Mr. MacDonald:** Mr. Chairman, may I get in here?

**Hon. Mr. Henderson:** Wait a minute, I want to answer one or two charges.

**Mr. MacDonald:** I will give you something more to answer, if I may.

At the moment, the minister is referring to the Liberals and, therefore, I am sort of a sideline observer in this, but I want to make an objection. The minister has not replied to what the Liberal contention was. I do not know whether he has a reply. The Liberal contention was that Ontario production is dropping as a percentage of national production. That is what they were saying.

**Hon. Mr. Henderson:** I will answer that in a minute.

**Mr. MacDonald:** Just a minute. If you wanted to give all of this last half-hour of figures, it should have been in your original introductory statement.

**Mr. W. Newman:** No, he is answering you.

**Hon. Mr. Henderson:** I am answering you and answering the Liberal critic.

**Mr. MacDonald:** You are not answering that.

**Hon. Mr. Henderson:** Certainly I am. Go back and read Hansard.

**Mr. MacDonald:** You have not yet answered as to what the reason is, if you think there is any reason, that Ontario's proportion of the national production in most of these major products is dropping. If there is an answer for it, give it to us.

**Hon. Mr. Henderson:** I will get to that, Mr. Chairman.

**Mr. MacDonald:** Fine. The second point I want to make is that what we heard from the minister or given to him by his staff is part of this cheap Tory kick at the moment, which is anti-Quebec, anti-French and all the rest of it. It is not only in the Carleton by-election; we are now getting it in the Ministry of Agriculture and Food, and we are now getting it in the Ministry of Transportation and Communications. This presumably is the new kick of the great statesmen who are out to unite this nation—

**Mr. Lane:** Because it is fact.

**Mr. MacDonald:** It is not fact.

**Mr. Lane:** Look at the figures.

Interjections.

**Mr. Riddell:** This is just a trend of what we are going to see between now and the next election.

**Mr. MacDonald:** Exactly.

Interjections.

**Mr. Chairman:** Mr. MacDonald has the floor.

**Mr. MacDonald:** Mr. Chairman, let me make another statement. It is okay that the



minister cannot defend his position, but if the former Minister of Agriculture and Food wants to run interference, let him go and run interference elsewhere. Do not run interference in here.

Interjections.

**Mr. W. Newman:** I don't farm on Yonge Street, I farm in the soil.

**Mr. MacDonald:** And you perhaps know less about it than—

**Mr. W. Newman:** I know more than you will ever know.

**Mr. Lane:** Let us have the truth for a change.

**Mr. Chairman:** Mr. Minister, I think you better continue.

**Mr. MacDonald:** If he is just going to read long statements prepared by his staff that he does not understand himself—

**Mr. W. Newman:** He does understand.

**Mr. MacDonald:** —I object to the time of the committee being taken up—

**Mr. Riddell:** I do too. We might just as well wind the thing up right now and say, "To hell with it."

**Mr. W. Newman:** Go ahead.

**Mr. McNeil:** If you are not interested—

**Mr. McKessock:** I would like to make one point, Mr. Chairman.

**Mr. MacDonald:** The fact is he is not dealing with the issues. He is circumventing just reading—

**Mr. McKessock:** I would just like to make one point, that that reading we just heard was given to us in the Legislature some time back. I cannot really see the point of having it rerun here tonight.

**Hon. Mr. Henderson:** Mr. Chairman, with all due respect, the honourable member from the Liberal Party only repeated what he had said in the Legislature. I was responding to his remarks here in this committee.

**Mr. MacDonald:** You were not responding. I am sorry, Mr. Minister, what we were saying was that Ontario's proportion of national production has dropped. You have spent half an hour and you haven't touched that; therefore everything you have said up to now is irrelevant.

**Hon. Mr. Henderson:** I have those facts.

**Mr. MacDonald:** What you have said up to now is irrelevant.

**Mr. W. Newman:** Mr. Chairman, on a point of order, as a member and not as a former minister—and I hope you will remember that, Mr. Yonge Street farmer—

**Mr. MacDonald:** At least I am not a Forest Hill Village export.

**Mr. W. Newman:** Mr. Chairman, may I say this on a point of order? The minister has a response to the opposition critics. I think in fairness, the normal procedure in any committee dealing with estimates is to hear the minister out before there are any questions.

**Hon. Mr. Henderson:** Mr. Chairman, I can easily understand the Liberal critic becoming excited about the facts. He has a right to be concerned in helping to protect the Ontario farmer against what Ottawa is doing. He spoke about the Minister of Agriculture in Ottawa. What he said about the minister is correct; the Minister of Agriculture of Canada has done absolutely nothing at all for Ontario farmers.

**Mr. McKessock:** Do you not believe this?

**Hon. Mr. Henderson:** Listen, I have read everything. They have done nothing. The figures I spoke about were from the Department of Regional Economic Expansion agreement and the honourable members know full well the facts I quoted were 100 per cent true. If the honourable members don't understand them, I would be very happy to read them again.

**Mr. Chairman:** I don't think it is necessary to repeat them, but we in eastern Ontario know something about them.

**Mr. MacDonald:** You spent 10 minutes re-reading what you had in your own paper.

**Hon. Mr. Henderson:** The honourable member for Grey made some serious charges earlier and I am shocked, as he is usually pretty responsible. He suggested we were not upholding our end with beef and veal in Ontario. Our beef farmers are doing a pretty good job at too low a price.

**Mr. McKessock:** Let's not distort things. I said we were losing our share of Canadian production—our percentage of share was dropping. Certainly the farmers are doing a good job, but the reason they find it hard to compete is the support the other provinces are giving their farmers. How do you expect them not to fall behind when other provinces such as Quebec, British Columbia and Alberta are subsidizing their interest rates—to the tune of \$10,000 per farmer in Alberta? Sure, our farmers are doing a good job for what support they are getting from their government. If everything were equal and nobody were given any support across Canada, I suppose Ontario farmers would be away out in front, but it is hard to compete with the treasuries of other provinces.

**Hon. Mr. Henderson:** Mr. Chairman, just so the record will be straight and the member for Grey will not mislead the people any longer, I have here Ontario's share of beef and veal production in 1970 as compared to 1979. Is that a fair comparison? Those are the same years as I used on the other—

**Mr. McKessock:** No, it is not fair.

**Hon. Mr. Henderson:** Well, those are the years I have here. It is what I asked the staff to prepare for me.

In 1970 we had 28 per cent of the beef and veal production of Canada; in 1979 we had 35 per cent, an increase of seven per cent. In 1970 we had 30 per cent of the pork production; in 1979 we had 37 per cent. In 1970 we had 33 per cent of the sheep and lamb production; in 1979 we had 40 per cent. In poultry slaughtering in 1970 we had 35 per cent; in 1979 we had 38 per cent. Of the milk sold off the farm in 1970, Ontario had 35 per cent; in 1979 we still had 35 per cent. We had 38 per cent of the egg production in 1970; in 1979 we had 39 per cent.

**Mr. G. I. Miller:** Mr. Chairman, could I ask the minister if he could go back to the milk category and tell me what the figures were for 1965, if he has them?

**Hon. Mr. Henderson:** No, I asked the staff to put together the 10-year period.

**Mr. McKessock:** Do you have the figures for 1977?

**Hon. Mr. Henderson:** I presume we could get them. I don't have them here tonight, but as I said earlier, I was comparing 10 years ago against today. In case it is thought I tried to avoid putting them, 1975 to 1980 was in those five-year figures I read out earlier.

9:10 p.m.

**Mr. McGuigan:** Mr. Minister, it is pretty risky comparing one year versus another with the cyclical business of farming. Did you do it by five-year blocks?

**Hon. Mr. Henderson:** I just said that earlier, Mr. Chairman, and now they are criticizing that because they say I used the wrong five years. I used 1965 to 1970 and 1975 to 1980. That was in the figures they are criticizing me about.

**Mr. McKessock:** To bear out what we were saying, you have to do it year by year because you can't do it in five-year blocks.

**Hon. Mr. Henderson:** There it is, Mr. Chairman; one of the Liberal Party says we should use five years and the other says year by year.

**Mr. McKessock:** That is the way you tell we are dropping, if you do it year by year.

**Hon. Mr. Henderson:** Mr. Chairman, I am quite willing to look at the 10-year period. Some of the members sitting around here have been around for those 10 years and understand them quite fully.

I just want to go on to tomatoes, fresh and processing. In 1970 we had 94 per cent in 1979 we had 97 per cent. Apples have remained at 32 per cent. Grapes have remained at 87 per cent.

That is in answer to some of the criticism from the opposition that our farmers are not trying to produce; that Ontario is not doing its share. I still believe the Ontario farmer is the better farmer in Canada and is producing his portion, even if the opposition parties do not think so.

**Mr. McKessock:** Could I have one supplementary in there, Mr. Chairman, pertaining to another reason I feel our farmers have a little trouble keeping up?

**Hon. Mr. Henderson:** Mr. Chairman, I have just pointed out that our farmers are ahead. How can the honourable member continue to say that? He does not want to accept the facts.

**Mr. McKessock:** You read for some time about the support you give to the fresh fruit markets and you talk about the importance you put on exports and you tell us the farmers are doing really well, but—

**Hon. Mr. Henderson:** No, I did not say that, with all due respect.

**Mr. McKessock:** Okay, they are not doing well financially but production-wise—

**Mr. Wildman:** We didn't say the farmers in Ontario weren't doing their part either.

**Mr. McKessock:** No, that is right, so let's not distort it.

**Hon. Mr. Henderson:** No, but you want everybody to believe that. Every day I hear you in the Legislature saying Ontario farmers are not doing this and not doing that.

**Mr. McKessock:** You would know that we as farmers, would not condemn ourselves that way.

**Hon. Mr. Henderson:** You leave that impression with the public.

**Mr. McKessock:** Okay, if you are giving this support to the Ontario farmers, why do you turn down Ardiel and Hartman, two young farmers who came here for cold storage facilities and processing in Thornbury. You give us all these big figures about how you are supporting them and building processing plants and want to expand the processing, yet you say they hesitate to plant orchards. They have 500 acres of orchard

and they won't hesitate to plant orchards at all if they get the support they came here for. They are waiting to build a plant and they have a commitment from the federal government for part of that facility, but when they come to the Ontario government for their share, they are turned down. Why?

**Hon. Mr. Henderson:** Mr. Chairman, we will deal with that at the appropriate time. I well remember the case. I don't think this is the appropriate vote in which to take it up, but I am quite willing to answer that one when we get to that portion of the budget.

If I might go on, Mr. Chairman, I just want to re-emphasize that the figures that were brought in here by the critic for the Liberal Party were figures from the Department of Agriculture of Canada, a department that spends all its money in Ontario but serves the farmers across Canada in a very poor, inefficient manner. What I was speaking about in my previous remarks referred to the DREE moneys, and I stand by them 100 per cent. The Ontario farmer is being deprived by the government of Canada.

**Mr. McKessock:** Could I have one little supplementary on that, Mr. Chairman? There is something here I would just like to read. I know you are talking about the Agricultural Rehabilitation and Development Administration—

**Hon. Mr. Henderson:** So you do understand; you just don't want to.

**Mr. McKessock:** I just want you to understand this, that in 1977, for the first time, Ontario qualified for equalization payments from the federal government as a have-not province. The term "have-not" has been widely used. It emanates from a gentleman who teaches at the University of Western Ontario, Dr. Tom Courchene, who, interestingly enough, was a Conservative candidate in the 1979 federal election. He was one who brought this country's attention to the fact that since 1977 Ontario has become a have-not province.

As a matter of fact, under the existing formula, Ontario will be owed \$800 million by the end of this year. Those are equalization payments that the Ontario government never went after. As a have-not province since 1977, Ontario is entitled to \$800 million.

**Mr. W. Newman:** And who changed the formula to make sure we would not get it? Our friends in Ottawa.

**Mr. McKessock:** Yes. But did Ontario make full effort to go after it?

**Mr. W. Newman:** They cut us off.

**Mr. McKessock:** If you want \$800 million, or if you are saying that they give more to Quebec under the DREE program, why did you not go after this money that you were entitled to—\$800 million?

**Hon. Mr. Henderson:** Mr. Chairman, we do not disagree that Ontario has \$800 million coming to it. I can understand the Liberal Party members wanting to defend their colleagues in Ottawa.

**Mr. McKessock:** I am not defending them. I said, "Why did you not go after it?" It was there for the taking.

**Mr. Riddell:** You tell it to the farmers Thursday morning. You will have a chance at the Ontario Federation of Agriculture.

**Hon. Mr. Henderson:** No problem.

**Mr. Riddell:** You get up and expound the great virtues of the Ontario government, but I will also ask you to take every one of your staff in this room because you are going to need them.

**Hon. Mr. Henderson:** No problem.

**Mr. Riddell:** Maybe you can bamboozle the people in this room, but you are not going to bamboozle the farmers.

**Hon. Mr. Henderson:** It is easy to understand the problem the Liberal Party is having with its colleagues in Ottawa.

**Mr. Riddell:** We have no problems. Our problem is, you guys have been in too long.

**Hon. Mr. Henderson:** They are on the defensive with their brethren in Ottawa.

**Mr. Riddell:** That is everybody's problem.

**Mr. MacDonald:** Your relationship with your brethren in Ottawa is not altogether—

**Hon. Mr. Henderson:** We represent the people of Ontario.

**Mr. Samis:** Oh sure. How many seats?

**Mr. W. Newman:** Forty per cent of the vote.

**Hon. Mr. Henderson:** We are concerned about the farmers of Ontario and we recognize that they are not important to the government in Ottawa.

The Liberal critic, Mr. Riddell, has indicated the strong support of his party for financial contributions from the Ontario government to the Fresh for Flavour organization. I would like to point out some of the current major financing of Fresh for Flavour. Fruit and vegetable wholesalers contribute on a checkoff basis on every carload of imported products. The federal government gave them a reducing grant through the four-year period, which has now run out and which has not been renewed.



The concept of Fresh for Flavour is to increase the use of fresh fruits and vegetables in Canada, regardless of the source, both imports as well as domestic. This is the reason we have not contributed to the Fresh for Flavour general funds in Ottawa. We cannot spend Ontario taxpayers' money to promote imports. We have participated in all Fresh for Flavour promotions of all Ontario products—and I want that clear—through the Ontario Fresh for Flavour committee, in shared-cost promotion as well as other backup programs of Foodland Ontario.

This year Ontario as well as other apple producing provinces in Canada have an abundant supply of apples. This government will contribute a \$3,000 grant towards promotion of Canadian apples through the Ontario Fresh for Flavour committee. Fresh for Flavour is making a presentation for financial support before the market development directors from each province. I want to see what the other provinces and the federal government conclude before making a commitment.

If the opposition critics are convinced that the Ontario government should support a national Fresh for Flavour campaign, I will take another look at it. But again I remind you that I am interested in promoting Ontario produce, not imports.

**Mr. Riddell:** That is what happened, though. Take the onion crop back in 1978: we had that surplus of onions, Fresh for Flavour found the market for it and—

**Mr. W. Newman:** It is time you started looking at Fresh for Flavour. If you are promoting that program, I want you to know that you are really supporting imported products. Look at it very carefully because that will hurt you—

**Mr. Riddell:** You have to be right off—

**Mr. W. Newman:** That is the truth. You know it is true.

**Mr. Riddell:** You are a graduate of the Ontario Agricultural College—

9:20 p.m.

**Mr. W. Newman:** Yes, it does not matter what I am. I am a farmer first and foremost; a good farmer too. Just make the record show that you are supporting imported products by the way you are talking. That is what you are doing.

**Mr. Riddell:** Let a man who knows about it tell you.

**Mr. McGuigan:** Fresh for Flavour people, through the Ontario Fruit and Vegetable Growers Association, in whom I have a lot of confidence, tell me that these moneys are

separated. The moneys that come from Ontario are used for Canadian or Ontario products.

Interjections.

**Hon. Mr. Henderson:** Mr. Chairman, if I might go on. Foodland Ontario is providing a \$50,000 shared-cost grant to the Ontario Apple Marketing Commission for fall and winter apple promotion, supporting the fall apple promotion with a newspaper advertisement in all daily newspapers in Ontario at a cost of \$50,000, and is providing a \$3,000 grant towards a national apple promotion, for a total of \$103,000.

The opposition has raised a number of issues concerning preservation of food land.

**Mr. MacDonald:** Just a minute. Before we leave Fresh for Flavour, may I ask a question? As I understand the situation, and I am inclined to agree with the Liberals—

**Hon. Mr. Henderson:** That is unusual.

**Mr. MacDonald:** I do not know why you are being so stubborn on this thing. When they are correct, I agree with them; that is not too often, but I do on this occasion.

As I understand the situation, the Fresh for Flavour regional organization in Ontario has the unanimous support of the OFVGA. The head of the regional group in Ontario happens to be Mr. Van der Zalm, who is the executive secretary of the OFVGA. So the growers in the province are in support of this organization. Because such a significant proportion of our sales in this province is imports, when the local produce is not available, it may well be that this organization is supporting the proposition of promoting imports.

You have indicated that you will support, through the food land program, the promotion of a local product. Why are you objecting to maintaining the umbrella organization which promotes this and which has the machinery available to jump on something like the onion surplus of two or three years ago, when the amount being asked for is relative chicken-feed? If you were to take the lead, I understand that there is a fair prospect that other provinces and the federal government would then get into the picture.

In other words, it is a little seed money to encourage the growers to help themselves in the marketing of their own product in conjunction with imports. I concede, it would be in conjunction with imports. But the reality is, we cannot supply the Canadian market with Canadian produce alone. Why are you objecting to it?

**Hon. Mr. Henderson:** I had more or less said what the honourable member has just said. Maybe we said it in different language but I really believe I said what he has said. "The concept of Fresh for Flavour is to increase the use of fresh fruits and vegetables in Canada"—the next part bothers me—"regardless of the source, both imports as well as domestic."

**Mr. MacDonald:** Fine.

**Hon. Mr. Henderson:** I went on to say: "This is the reason we have not contributed to the Fresh for Flavour general fund in Ottawa through the Ontario Fresh for Flavour committee, in shared-cost promotion as well as other backup programs of Foodland Ontario. This year Ontario as well as other apple producing provinces of Canada have an abundant supply of apples. This government will contribute a \$3,000 grant towards—"

**Mr. MacDonald:** You said that before.

**Hon. Mr. Henderson:** Then I went on and said, "Fresh for Flavour is making a presentation for financial support before the market development directors for each province. I want to see what the other provinces and the federal government conclude before making a commitment."

**Mr. Riddell:** Why don't you go first?

**Mr. MacDonald:** Why not? Why don't you take the lead?

**Hon. Mr. Henderson:** It is all very well for you to say Ontario should go first. We have ad too many times when our colleagues in Ottawa—

**Mr. MacDonald:** Mr. Minister, if the Ontario fruit and vegetable growers in this province are in solid support of the Fresh for Flavour organization to the point that they have their leading official of their organization as the head of the region for Ontario, why do you have to wait for anybody else? Perhaps if you were to lead, the others could follow.

**Mr. W. Newman:** He has led.

**Mr. MacDonald:** No, he hasn't led.

**Mr. W. Newman:** He has led under the Foodland Ontario program.

**Mr. MacDonald:** No, no. That's for promotion of—

**Mr. W. Newman:** Ontario products.

**Mr. MacDonald:** Ontario products, yes, but this is for maintenance of an organization which will promote the greater consumption of fresh fruits and vegetables wherever they come from. If you have that appetite encouraged, then you can encourage

the production in Ontario and take more and more of it instead of having it for imports.

**Hon. Mr. Henderson:** Mr. Chairman, I would have to tell you that I have grave concerns about putting the tax dollars of the people of Ontario into promotion of products grown in the other provinces or other countries.

**Mr. McGuigan:** No one is asking for that, Mr. Minister.

**Hon. Mr. Henderson:** Mr. Chairman, I will try to do a summary of what the opposition have said here tonight. I am willing to take another look at it.

**Mr. MacDonald:** Okay. Let's leave it at that then.

**Mr. McGuigan:** I mentioned another point. There is an organization in the United States called the United Fresh Fruit and Vegetable Growers. It is an overall umbrella organization that was moving into Canada to do a lot of advertising in Canada for its products. The Fresh for Flavour people, because of their association with these people, were able to persuade them not to do it. There is a lot of goodwill, there is a lot of expertise, there is a lot of knowledge and there are a lot of dollars out there that can go to work for us if we join in with them.

I know you are concerned about Ontario, and rightly so, but let us consider the variety distribution of apples. The Spy apples that they grow in the Georgian Bay area and to a lesser extent in the St. Lawrence Valley are more than can be consumed in Ontario. There isn't the demand within Ontario for that apple so it has to be moved out. The McIntosh apples we grow pretty well supply the market. A lot of the Delicious apples grown here are moving to Quebec because Quebec doesn't have the heat units to grow the Delicious. In selling apples, it is more than a matter of just selling Ontario apples to Ontario people. It is a matter of selling apples to Canadian people. There are a lot of dollars out there in this Fresh for Flavour committee that can be had and can be used to the benefit of Ontario, provided they get support from Ontario.

I understand New Brunswick has already said it will contribute up to I think it's \$5,000 provided the other maritime provinces will go in with it.

**Hon. Mr. Henderson:** Mr. Chairman, we are all aware that the federal government reduced its grants over a four-year period. I am not sure it has been made quite clear that the marketing board representing the farmers

who grow fruit and vegetables for the processors does not support this.

**Mr. McGuigan:** You say they do not support it?

**Hon. Mr. Henderson:** No, they do not support it.

**Mr. Riddell:** Are you talking about the Ontario Fruit and Vegetable Growers Association?

**Mr. McGuigan:** That isn't correct. Mr. Minister, if you go to a salad bar, any salad bar today, you will see all sorts of processed products in that salad bar. There are cucumbers, green beans, string beans—

**Hon. Mr. Henderson:** The board that is representing the process growers does not support it. The marketing board representing the growers who grow vegetables for processing do not support it. Do we have the name of the chairman of the board? It is Harry Dougall from Huron.

**Mr. Riddell:** Harry Dougall?

**Hon. Mr. Henderson:** He's the chairman of the board.

**Mr. Riddell:** The information we were given was that the processors were behind that. In other words—

**Hon. Mr. Henderson:** What I am saying is they haven't put anything into it.

**Mr. McGuigan:** That's different from saying they don't support Fresh for Flavour.

9:30 p.m.

**Hon. Mr. Henderson:** Financially, they don't support it.

**Mr. Riddell:** That's something we will have to look into. That comes as a surprise to me.

**Hon. Mr. Henderson:** Financially, they don't support it, from the information I have. I still suggest we are providing a \$3,000 grant in the apple area.

If I might go on, the opposition has raised a number of issues concerning preservation of food land. I have been a little concerned about the motives they have assumed about many of our good farmers. One would almost think, listening to them, that every farmer is only a spectator, just waiting to sell his land.

**Mr. McKessock:** Spectator or speculator?

**Hon. Mr. Henderson:** To listen to the opposition parties, one would almost think all the farmers out there are speculators, waiting to sell their land for development. We know this is not the case, or I know it. Maybe the opposition parties feel the farm people have that attitude. It has been said in our estimates the government is not committed to planning,

that we should not delegate authority to local people who are on the front lines to make decisions about land use. I find this Big Daddy, centralized Toronto-knows-best attitude a bit alarming.

I can recall our friends in the opposition suggesting this is not always the case. There is some inconsistency there. We have heard it said my ministry does not review all severances and that is true. We do not go out there looking at what the local people are doing. We heard that it is not proper to have appeals to cabinet on severances and especially one concerning Gordon Atkinson.

Finally, there is some confusion about how the appeal process works on land use and just how government operates in this area. I would like to put a few facts on the record to explain our system in Ontario.

Food land guidelines, as suggested, are not effective. I disagree with the comment that because the food land guidelines do not have the force of law, they are not effective. The guidelines do have legal force since they are implemented through procedures under the Planning Act. We even took the trouble to point out the procedure in section 5(3) of the guidelines. The food land guidelines are implemented through the official plans of local municipalities.

Under the Planning Act, these official plans have provincial approval from the Ministry of Housing. Through the review and approval procedures they use for these official plans, my ministry staff are involved in the approval and they clearly have the means to ensure these plans conform with the food land guidelines.

Leisure Park in the town of Vaughan: This proposal was originally submitted as an official plan amendment by the town of Vaughan with the support of the town. Local ratepayers referred the matter to the Ontario Municipal Board for a public hearing. Ministry of Agriculture and Food staff did not attend the OMB hearing but written comments were submitted. The OMB approved the amendment. This decision by the OMB was appealed to cabinet. Cabinet approved the development. Provision of jobs and economic stimulation was the justification by government.

**Mr. MacDonald:** The destruction of prime agricultural land.

**Hon. Mr. Henderson:** Again, I say it was approved first by the local officials, by the local people.

**Mr. MacDonald:** The way the one in Vespra was approved and you overturned it.



**Hon. Mr. Henderson:** I will come to that.

**Mr. McGuigan:** Could I ask a supplementary on that?

**Hon. Mr. Henderson:** Yes.

**Mr. McGuigan:** I think we were talking about housing for hired help. Wasn't that the—

**Hon. Mr. Henderson:** Not right here, I am not.

**Mr. McGuigan:** It is that particular case on severance. Wasn't the reason the man wanted the severance, because—

**Hon. Mr. Henderson:** That is the one I am coming to, not the one I have referred to. The town of Vaughan was a completely different situation.

**Mr. McGuigan:** I am sorry.

**Hon. Mr. Henderson:** Do the rest of you understand the one we are referring to? I think the other members understand it quite well.

Concerning the Hanover annexation, the original annexation request by the town of Hanover was refused by the Ontario Municipal Board in the fall of 1978 because of a concern about protecting farm land. Hanover was ordered to annex an alternative area in another township.

Hanover petitioned the cabinet and the cabinet ordered a rehearing so that the land owners and the municipality could alter location and air their views. Prior to the second hearing an agreement was worked out between Hanover and Orland Magwood, the owner of the good farm land being sought in the first annexation bid. The agreement avoided annexation of this good agricultural land.

**Mr. G. I. Miller:** What happened to the other property? Is it still in production?

**Hon. Mr. Henderson:** I have no idea. I would think it would be. I think his operation would still be operating. He had other property, as I remember. I remember the case quite well. I looked at it one day. The member knows I was in Hanover a year ago and I did look at it on my visit there.

Concerning rural lot severances, in the past year my ministry reviewed 5,200 severance applications in rural Ontario. This was about one third of the total number of severance applications for rural Ontario and circulation to us was on a voluntary basis.

Many of the other two thirds of these applications were not for agricultural land, and were not sent to us for that reason. Many were sorted out by the committees and not sent to us because they were straightforward

and our input was not necessary for decisions to be made.

As part of the ongoing review of procedure, the Ministry of Housing has now made circulation of applications to my ministry a mandatory requirement. We will see more severances as a result.

On the hole-in-the-doughnut area, it is not practical to retain the agricultural land in Mississauga. The remaining farm land is surrounded on four sides by extensive urban growth. The only access to the area is by heavily travelled urban roads on which it is impossible to move farm machinery. Farm services no longer exist in the area. No farmer is interested in the area on a long-term basis.

A citizens' group in Peel region prepared a plan for the hole-in-the-doughnut area to try to keep some farm land in this area and to allow some development. The concept is too late and it is impractical.

The area is already designed for urban use in the city's official plan. Water and sewer services have been available for years and the land has been held by developers for years. The concept would spread urban development out and waste even more farm land than at present. The concept would reduce agricultural productivity and subject farmers to more restrictions than they cope with at present.

On the 600-acre industrial park and Traders Associates, Traders Associates proposed a 600-acre industrial park at the corner of Highway 10 and Highway 401. They went before the Ontario Municipal Board which saw no reason to turn it down. The Ministry of Agriculture and Food did not object because we do not think it is practical to retain this area for agriculture in the long run.

I would just go back to the hole-in-the-doughnut. I did meet with the group that was opposed to this, along with the mayor of that municipality and members of the council and I and the Minister of Housing agreed fully with what the municipal council in that area did. There was full agreement at both levels of government.

Concerning the Conservation Council of Ontario and the Niagara fruit land hearings, direct participation by the Ontario government in the hearings of the Niagara plan was not needed and would not have been appropriate. These hearings are to allow local input and local participation. Government involvement was not needed because the OMB had already clearly been told where the province would draw the line if the appeal sent to the

OMB had not occurred. Direct provincial involvement is not appropriate because the matter is subject to appeal through cabinet.

9:40 p.m.

Ministry staff were at the hearings to provide evidence. Staff gave general evidence on government policy as it applies to Niagara, and evidence on some specific parcels where it was requested.

The mineral aggregate policy statement is not now the Ontario government's policy, but it is in draft form at this time. It has been reviewed by the land use committee of the cabinet committee on resource development and OMAF staff are on this committee. The policy statement will be reviewed by CCRD, and the Ministry of Agriculture will be making comments at this time.

The Atkinson issue, which was in the House a week ago, was brought back here last week. As you know, Mr. Chairman, an appeal to cabinet is part of the process of law in Ontario, particularly as it relates to Ontario Municipal Board decisions. I can recall occasions when the members opposite have asked cabinet to be understanding, to have compassion, to do the right thing, et cetera. They have not always been consistent. When it was appropriate, cabinet has always been understanding. If the members opposite do not want cabinet to accept appeals, they should say so. My government happens to think they should.

**Mr. MacDonald:** But do you accept appeals that are in violation of the official plans?

**Hon. Mr. Henderson:** It has been strongly suggested that politics played a major role in the Atkinson appeal. Cabinet granted the appeal on compassionate grounds because of extenuating circumstances. Politics was not a consideration, unless you consider compassion a political virtue of this government.

I have already in some detail followed this issue, which has been brought up again. I want to repeat what was said on November 14:

"Mr. Speaker, yesterday the member for Huron-Middlesex asked me a question: 'Can the minister explain why an order in council was issued on his advice on July 31, 1980, to grant a severance on agricultural land in Vespra township?' He went on in his statement to ask, 'If the minister felt so compelled to support the severance, why did he not do so at the hearing before the Ontario Municipal Board?' I note the honourable member is here now and I do have the order in council here.

"On the severance in question, Mr. Gordon Atkinson operates a large dairy farm in Vespra township with several full-time farm helpers. Mr. Atkinson applied to the Vespra committee of adjustment for a severance for farm help. The committee approved the severance. The township council appealed this to the OMB.

"To accommodate his hired workers, the petitioner proposed to construct two dwellings and to hire someone, perhaps the wife of one of his workers, to provide the services his wife at present provides. For this purpose Mr. Atkinson needs to sever a parcel of land having a 100-foot frontage and a 200-foot depth from a total parcel of 45 acres. The lot to be severed fronts on a township road and is adjacent to the community of Crown Hill in the township of Vespra.

"The committee of adjustment for the township of Vespra granted the petitioner's application for severance. I have a copy of this decision if the member wishes it. There was no opposition placed before the committee of adjustment. No written submissions were received by the committee in opposition to Mr. Atkinson's severance.

"The following persons and agencies received notice of Mr. Atkinson's application: (a) the clerk of the township of Vespra; (b) the issuer of building permits for the township; (c) the secretary of the Vespra Planning Board; (d) the clerk of the county of Simcoe, and (e) the Simcoe County Health Unit. None of these persons or their agencies appeared or gave any written submission of any nature whatsoever. There was no opposition.

"Some time later an appeal was taken by the township of Vespra against the decision of the committee granting Mr. Atkinson's severance. The township gave no reason for this appeal. At the OMB hearing, the only grounds for the appeal advanced by the township were that Mr. Atkinson's proposal did not fall within one of the specific exemptions enumerated in the official plan.

"The uncontradicted evidence of the OMB hearing was that the subject lands are the poorest of the lands owned by Mr. Atkinson. The lands are generally wet, and attempt to tile-drain the lands have been unsuccessful. After several unsuccessful attempts to grow crops, Mr. Atkinson allowed the lands to revert to pasture."

**Mr. McGuigan:** It sounds like a poor place to build a house.

**Hon. Mr. Henderson:** "This evidence as to the agricultural capability of the land was

uncontradicted at the hearing of the OMB and no argument was placed against it.

"The evidence before the board was that the lot the petitioner proposed to sever is located just west of Highway 93, fronting on the township road known as Side Road 15. There are a number of residences, and I will get to that, Mr. Speaker, because I did mention it earlier in my remarks.

"The evidence again was uncontradicted that the proposed lot would fall within the community of Crown Hill. Again if there is a request for it, I will give the plan. The official plan for the Vespra planning area referred to above provides that wherever farm animal operations are to be carried out, the agricultural code of practice in the food and guidelines should be followed.

"Mr. Dale Toombs, government representative and Simcoe county field officer with the food land development branch of the ministry, applied minimum distance separation formula number one to the subject lands and found that the proposed lot met the minimum distance separation criteria established by the code. He found the distance between the proposed lot and the closest livestock operation was more than adequate to avoid any potential environmental conflict between the two.

"Mr. Toombs' evidence was uncontradicted," at the hearing. "He stated the prevailing government policy in respect to the petitioner's application is found in the food and guidelines. He stated the particular policies enunciated in the guidelines and applicable to the subject land were as follows

At this point, Mr. Cassidy interrupted, "Is this important?"

I replied, "Mr. Speaker, it is important at the honourable members—"

Mr. Cassidy said, "It is an abuse of the private members' time." The Speaker then called, "Order."

Mr. Wildman: What is all this?

Hon. Mr. Henderson: Apparently this honourable member is not interested either. He does not want to know the facts. The truth is the truth.

Mr. MacDonald: This is supposed to be agricultural estimates.

Mr. Wildman: This is not Lambton county.

Hon. Mr. Henderson: The Speaker said: it is important. The honourable minister has taken six minutes and 30 seconds, which I am going to add to the question period."

Mr. Wildman: Mr. Chairman, can we add 30 minutes to the estimates?

Hon. Mr. Henderson: It appears the honourable members really do not want to know the facts, Mr. Chairman. If they did, they would listen. I then said: "Mr. Speaker, I thank you, but this is pertinent information. The honourable member made serious charges about my staff. They should be answered in an appropriate way.

"To continue: The general policy relating to the preservation of good agricultural land subject to some exceptions; the provision of severances for the establishment of accommodation for full-time farm help.

"Mr. Toombs stated that in this instance the prevailing policy, that is the policy of greatest relevance, is found in section 4A.20 of the guidelines. This section relates to farm-related severances. The relevant subsection of section 4A.20—I could read that, but I will not at this time."

Mr. McGuigan: Would you read it?

Hon. Mr. Henderson: Yes. If you would like me to read it.

Mr. McGuigan: I hope it is not too long.

Hon. Mr. Henderson: I do not have it here, but I will get it, Mr. Chairman, before I finish my remarks and I will read that section for the honourable member.

"The only thing I add is that this operation milks about 80 cows. They ship thoroughbred stock all over the world. There is a farmer and two sons with six full-time helpers. The farmer's wife provides lodging and boarding for this help, but her health has got to the point that they decided they would have to contract this work out to the wife of one of the employees of the farm. That is the reason for the severance.

9:50 p.m.

"I have no problems and no reservations with the decision of cabinet. Our action was in keeping with all the policies and for the good of the farm people in this province."

Then there was Mr. Speaker, then the member for Huron-Middlesex (Mr. Riddell) asked: "Would the Minister of Agriculture and Food ask the Premier (Mr. Davis) for a copy of the letter that was sent to him?" Mr. Chairman, in response to that I would have to say further—

Mr. Riddell: Did you get that letter and did you read it?

Hon. Mr. Henderson: Certainly. I had it in the House the day you referred to it. I said that.

Mr. Riddell: Pretty damning letter, isn't it?

Hon. Mr. Henderson: It really does not matter what the letter said, the fact is that



the member for Huron-Middlesex asked why the Ministry of Agriculture and Food did not present this information at the OMB hearing. What I read out was all presented to the OMB hearing and it was all in keeping with the food land guidelines and the code of practice. It is all part of the package that this government considers severances should be granted under for farm help.

**Mr. Riddell:** I disagree with the agricultural code of practice because it says that wherever possible these people should be encouraged to locate in nearby towns where services are. But let me ask you these questions: Why would you have to sever land to have a house for hired help? When the hired help decides to leave or when the farmer decides to sell his land, who do you suspect is going to buy those homes?

My first question is, why would you have to sever land for hired help? If you want to build a house for the hired help, fine, but why do you have to sever the land? Second, when the hired help leave or if the farmer decides to sell that parcel of land, who do you suspect is going to buy those houses?

**Hon. Mr. Henderson:** Mr. Chairman, it is interesting that the honourable members here think they are much more knowledgeable than the farmers out there and are starting to tell the farmers how to conduct their business. I have confidence in the farmers of this province. They know how to conduct their business. I do not plan on telling the farmers where they have to build and what they have to do. They have got this far.

**Mr. Riddell:** How about answering my question?

**Hon. Mr. Henderson:** Let me answer you. I am not going to answer the other part of your question. I have said the farmers are capable of making that decision. I do not plan as Minister of Agriculture and Food on telling every farmer where he is going to build every house and what have you. I have confidence in the farmers of this province. Apparently you people do not.

**Mr. Riddell:** What do your guidelines say?

**Hon. Mr. Henderson:** The guidelines are right here. Farm-related severances—4A.20—is what I referred to: "Farm-related severances in areas designated agricultural may be considered under the following circumstances:

"1. If the parcel to be severed and the parcel to be retained are both for agricultural use and are of an appropriate size for the agricultural activity in the area—this will require consideration of capability, flexi-

bility, suitability and viability, as explained in detail in the preceding section entitled "Farm Parcel Size."

"2. If the severance is required for technical or legal reasons—these reasons include boundary adjustments where one land owner is deeding part of his property to the adjacent land owner, easements or rights-of-way, and other purpose that does not create a separate lot.

"3. If farm consolidation has rendered a farm house surplus, and a severance is requested to dispose of the second house in this instance, the size of the lot should be kept to a minimum. If the farm buildings formerly associated with this section are close to the house, as determined by the MDS formula, the farmer should be encouraged to rent the house rather than create a potential future problem for himself"—

**Mr. Riddell:** Right.

**Hon. Mr. Henderson:**—"by risking a non-farm residence adjacent to his livestock barn."

**Mr. McKessock:** On this point, even if it sold to a nonfarmer, when you bring in your right-to-farm legislation it won't matter who buys the farm, will it? The farmer will have the right to farm through your proposed legislation, and the fellow who buys the farm will have to put up with farm smells or noise or whatever else if he buys that house.

**Hon. Mr. Henderson:** Mr. Chairman, the honourable member knows more about the legislation than I do. I do not have that.

**Mr. McKessock:** I have heard you talking about it for the last year.

**Hon. Mr. Henderson:** I think I answered a question last week to the member. I have asked the Ontario Federation of Agriculture for help with this. It is my understanding they will be giving out their information at the meeting that is going on now. They have not given me that help as yet. I expect to get it.

**Mr. McKessock:** I understand they will have a paper today at the convention.

**Hon. Mr. Henderson:** That is my understanding, but I have not seen it. I can honestly tell you I have not seen it.

**Mr. McKessock:** How long will it take to bring that legislation in after they present you with the paper this week?

**Hon. Mr. Henderson:** I am sure the member realizes I will take it back to my staff first. I would not know. It would be the spring session before there would be any legislation if it is ready by then. It will be at least the spring session.

"4. If a farmer who has been farming a substantial number of years and who is retiring from active working life needs to sever one lot on which to build a house on which he intends to retire—because the lot may subsequently be taken over by others and create problems for adjacent farm operations, the farmer should be encouraged to consider retirement in a nearby village or town."

**Mr. Riddell:** Right on.

**Hon. Mr. Henderson:** "Alternatively, if a farmer wishes to retire to a relocatable house on his farm, he should be permitted to do so as well.

"5. If a residential lot is required to provide accommodation for full-time farm help—this may be for hired help or family members (son or daughter) whose working activity is primarily devoted to the farm operation and where the nature of the farm operation requires this help to be accommodated close to the farm." That is in our food land guidelines.

**Mr. Riddell:** With emphasis on the fact they should be encouraged to settle in a town where they are not interfering with farm land and where the services are.

**Hon. Mr. Henderson:** If the member wanted to see this particular situation I am sure he can look at the severances that are granted by many municipalities across this province. This severance is one of the most legitimate of any in Ontario. You can publicize it far and wide that this government turned the decision over and did exactly the same as the original people who looked at it, the people out in the township selected by the council for that job.

**Mr. Chairman:** I understand they are going to vote in a few minutes. I want to get something clear here. Mr. Minister, are you available tomorrow?

**Hon. Mr. Henderson:** Yes.

**Mr. Chairman:** We will go three hours, because we lost half an hour tonight and a half an hour the other day.

**Mr. Riddell:** What happened? Why was the thing juggled around? My understanding was Rene Brunelle was coming in tonight.

**Mr. J. Johnson:** Read your Hansard and you will find out.

**Mr. Riddell:** That information came from the clerk's office.

**Mr. Chairman:** That is right.

**Mr. J. Johnson:** It was a misunderstanding, ack.

**Mr. Riddell:** A couple of us felt the OFA convention very important and we went down

to it tonight only to be called back here when something happened.

**Mr. Chairman:** I had no knowledge of this until five o'clock this afternoon from Mr. Brunelle. He told me he needed time to call in people from outside when his estimates come up.

**Mr. McKessock:** Did he forget to call them?

**Mr. Chairman:** No, but he told me he was satisfied to let Lorne go on tonight. I thought it was an arrangement that was mutually agreed on.

**Mr. Riddell:** How nice it would have been to have a note left on our desks in the House that we could have read when we went in for the vote.

**Mr. J. Johnson:** Mr. Chairman, why are we discussing this? Why do you not check and find out tomorrow and give an explanation to the committee members?

**Mr. Chairman:** What I want to do here is to find out when you are available so we will not get into a mixup like this again.

**Hon. Mr. Henderson:** I am available either at 9:30 or continually until one o'clock tomorrow, whichever the committee wishes.

**Mr. Chairman:** We will go from 10 to one o'clock tomorrow, but what about Thursday night?

**Hon. Mr. Henderson:** Yes, we will go from eight until 10:30.

**Mr. Chairman:** Okay. What about next Tuesday night?

**Mr. J. Johnson:** Mr. Chairman, could you leave it for the House leaders to decide?

**Mr. Wildman:** Mr. Chairman, with respect, I would like to suggest we decide right now to complete these estimates this week and next and then have the resources development policy field estimates carry on from the evening of December 9.  
10 p.m.

**Mr. Chairman:** This is what I am trying to find out. I understand the minister has some commitments. I want to clarify this so they will not interfere. That is all I am asking.

**Hon. Mr. Henderson:** I accept the member's recommendations. If you need to sit longer on any of those days I will make available.

**Mr. Chairman:** Wednesday, December 9, is when we will have the Provincial Secretary for Resources Development back. We will have three hours left.

**Mr. Wildman:** Is not December 9 a Tuesday?

Mr. Chairman: Whatever you want.

Mr. J. Johnson: Are you telling the committee to come back a week Tuesday?

Hon. Mr. Henderson: Let me repeat what I think the member for Algoma has said. We will sit tomorrow until one o'clock. We will sit Thursday night from 8 p.m. until 10:30 p.m. We will return and sit next Tuesday night from 8 p.m. until 10:30 p.m. On Wednesday we will return at 10 a.m. and if we need extra time to finish on the following Thursday night we will sit on Wednesday until 12:30 p.m., 1 p.m. or whatever is

needed. Then, on the following Thursday night—

Mr. Wildman: No, Tuesday night, December 9.

Hon. Mr. Henderson: No, I am talking about a week tomorrow. If we cannot finish in the two hours or two and a half hours on the Thursday night, we will put in extra time next Wednesday. Is that agreeable, Mr. Chairman?

Mr. Chairman: Right. Then on December 9 we have the resources development policy field, with Mr. Brunelle.

The committee adjourned at 10:02 p.m.

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No. R-50

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**  
Wednesday, November 26, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC



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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, NOVEMBER 26, 1980

The committee met at 10:17 a.m. in committee room No. 2.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

On vote 1901, ministry administration program:

**Mr. McKessock:** Mr. Chairman, on a point of privilege: Last night I was accused by the minister of misleading the farmers of Ontario, and I want to correct the record. I stated we had been losing our share of Canadian production over the past 10 years, specially in the area of meat products. At that point the minister said I was misleading the farmers of Ontario. I want to correct that with a quote taken from Agricultural Statistics of Ontario, put out by the Ontario Ministry of Agriculture and Food.

It shows that for cattle and calves, in 1968 Ontario had 34.6 per cent of the Canadian production; in 1979 it had dropped to 27.7 per cent. In hogs, in 1968 it was 37.3 per cent; in 1979 it had dropped to 34.8 per cent. In dairy products, in 1968 Ontario had 36.6 per cent of Canadian production; in 1979 it had 35.4 per cent. In poultry, in 1968 Ontario had 39.4 per cent of Canadian production; in 1979 it had 36.8 per cent. In eggs, in 1968 Ontario had 40.2 per cent; in 1979 it had 39.2 per cent. In other livestock, in 1968 it was 35.1 per cent; in 1979 it was 31.1 per cent.

Sheep was the only livestock product that increased. In 1968 it was 33.1 per cent and in 1979 it had gone up to 39.4 per cent.

These figures have been taken from Agricultural Statistics of Ontario, put out by the Ontario Ministry of Agriculture and Food.

**Hon. Mr. Henderson:** Mr. Chairman, I appreciate the concerns of the honourable member. The facts I had last night, as I read them, were put together by my economics branch. I have to accept the branch's remarks. I will certainly ask them to look into it again. If there is a mistake I will be glad to admit the mistake. My deputy informs me

the member is using a different set of figures from us.

**Mr. MacDonald:** That is obvious.

**Hon. Mr. Henderson:** Our figures are quite clear in our records.

**Mr. McKessock:** I just want to point out that the figures I used were from your ministry, the Ministry of Agriculture and Food.

**Hon. Mr. Henderson:** For what year?

**Mr. McKessock:** For the years 1968 to 1979.

**Hon. Mr. Henderson:** We were using 1979 figures, Mr. Chairman. I will be glad to check into this and report tomorrow.

**Mr. McKessock:** I was not disputing your figures. You were taking averages, and I said that was not a good way to do it.

What I was objecting to was your saying that I was misleading the farmers of Ontario when I was taking figures directly from your ministry's report.

10:20 a.m.

**Hon. Mr. Henderson:** I do not withdraw my statement on the misleading of the farmers.

**Mr. McKessock:** You do not withdraw it?

**Hon. Mr. Henderson:** No. His statement was contrary to the figures I have given. I said tomorrow night—

**Mr. MacDonald:** It is cheap political—

**Hon. Mr. Henderson:** It is not cheap political anything. Tomorrow night I will have my staff here.

**Mr. MacDonald:** You do not have it now and you cannot make it up by having your staff strain for the next 24 or 36 hours.

**Hon. Mr. Henderson:** I still stand by the figures I gave last night.

**Mr. MacDonald:** May I repeat the question I put to the minister yesterday? Just let me read you this question; it will be very brief. I would like the minister's explanation why, in his view, Ontario's share of the national production is dropping in that wide range of products? There must be a reason.

**Hon. Mr. Henderson:** My statement said it is not dropping. If you would like me to repeat the figures—

**Mr. MacDonald:** No, God, no. Don't repeat them again.

**Mr. McKessock:** All I want to point out is that apparently the figures you gave and the figures I gave both came from your ministry. You can correct it however you like but both came from the Ministry of Agriculture and Food.

**Mr. MacDonald:** I am talking about the same thing. Why is Ontario's share of the national production dropping?

**Hon. Mr. Henderson:** The figures I gave last night are 1979 figures, the latest available. I understand the member used 1978 figures.

**Mr. McKessock:** I used 1979 figures as well.

**Mr. Riddell:** What you are really saying, Mr. Minister, is that things have changed dramatically in a period of one year. You are saying we have gone all of a sudden from a deficit position to a position in 1979 where we are producing—

**Mr. MacDonald:** He does not have the figures for this year, so he cannot claim that.

**Hon. Mr. Henderson:** My statement used 1970 figures versus 1979 figures. The member is using 1968 figures.

**Mr. McKessock:** To 1979.

**Hon. Mr. Henderson:** To 1979. There are a few differences.

**Mr. McGuigan:** Mr. Minister, we have an honest difference of opinion based on the figures.

**Hon. Mr. Henderson:** I am not arguing about that.

**Mr. McGuigan:** But to say that our member was misleading—

**Mr. MacDonald:** And to repeat it this morning.

**Mr. McGuigan:** And to repeat it this morning; I know it is not your—

**Hon. Mr. Henderson:** I am an honourable member and I hope he is. I will look at my statements and I will come back tomorrow.

**Mr. J. A. Taylor:** He did not say it deliberately.

**Mr. McKessock:** He said "misleading." What I object to is, if I had got these figures anywhere else but from your own ministry's report, I could accept your questioning them. What I cannot accept is your accusing me of misleading the farmers of Ontario when

I took the figures directly from your own ministry's report.

**Mr. MacDonald:** After saying he is going to look into it, he repeats once again that you are still misleading.

**Mr. Chairman:** I think the honourable member is voicing his opinion based on information he has that apparently has come from a different spread of time in production. I think he has been truthful about it and therefore, Mr. Minister, I would not say he was deliberately falsifying or trying to leave a misconception. It is a situation where you are quoting different brackets of figures.

**Mr. J. A. Taylor:** They are all figures from the ministry, are they not?

**Mr. Chairman:** I would ask you to continue.

**Hon. Mr. Henderson:** I will report back tomorrow night.

**Mr. MacDonald:** Don't dig the hole any deeper.

**Hon. Mr. Henderson:** I would like to dwell for a moment or two on foreign ownership. I still have one or two other items. I could go on at considerable length, but I understand the honourable members would like to get to the estimates. There are two or three more items I would like to respond to.

On foreign ownership, the Act to require the Registration of Non-resident Interests in Agricultural Land in Ontario will be proclaimed effective December 1, 1980. The act requires nonresidents of Canada to file a form with the Ministry of Agriculture and Food on interests in agricultural holdings in Ontario larger than 10 hectares.

It has taken some months to do the background legal work to prepare regulations and to design and print the forms preparatory to proclamation of the act. It is not unusual with new legislation of this nature, to delay proclamation so that such preparations may be properly completed.

Under the act, a nonresident person has 90 days to file a registration form from the date of acquiring an interest in agricultural land. A nonresident person must also file a cancellation form within 90 days of disposing of an interest in agricultural land. For those nonresidents who now hold agricultural land in Ontario in excess of 10 hectares, the act provides one year for filing a registration report.

The regulations prescribe the content of the registration report and the cancellation notice. They have been published in the Ontario Gazette. You will shortly be aware of advertising about the legislation in the press.



A notice has already appeared in the Ontario Reports, a publication which goes to all lawyers.

I have appointed the director of the food land development branch to administer and enforce the act. I have also appointed four inspectors under the act. They are: Susan Singh, associate director, programs development; Glenn Coates, senior project officer, program development, food land branch; Fay Lando, project officer, program development, food land development branch; D. H. Grout, chief investigator, veterinary services branch.

I will be reporting on the act following the first 90 days of its coming into effect, and regularly thereafter. It will take some time to build up a picture of the nature and extent of the activity. I would think it would be six months before the report will assume some degree of completeness.

I want to make the members aware that there are other provinces which have set up a similar form to what we have, and it immediately affected nonresident buying.

Mr. MacDonald indicated that imports of dairy, poultry and other products which we could grow here in Ontario are too high. I agree, and so does my government, and we have been saying this for some time. It is not new.

Dairy imports into Canada are negotiated and set each dairy year by the federal government. Cheese makes up the bulk of the imports, primarily those which are not currently being produced in Canada.

Ontario supports the position that we would have the opportunity to produce for our own markets. The limiting factor, of course, is that Ontario can only produce up to its share of the national allocation of market share quota, which is determined on total Canadian domestic requirement.

The cheese imports are as follows: 1976, 1 million pounds; 1977, 48 million pounds; 1978, 45 million pounds; 1979-80, 35 million pounds. Butter in 1979, was 10 million pounds. Chicken imports are negotiated at the federal level with the inception of a national plan for chickens.

Basic import quotas for Canada have been set at 48.5 million pounds in total. That includes both live and eviscerated products. Over one third of all products entering Canada come into Ontario by virtue of the national supply management program for chickens. Ontario thinks this import quota is too high and these imports should be shared equally among other provinces.

As I said, I have many remarks, but I will make them during the course of the esti-

mates. There is only one more thing I would like to respond to.

Last night the member for Grey inquired about the Ardiel Brothers and Blue Mountain Nurseries' request for assistance for controlled atmosphere storage facilities. The Liberal member for Grey asked me about the request from the Ardiels and the Hartman group in Clarksburg for government assistance for the construction of a controlled atmosphere storage facility for apples.

I wrote to the Liberal member in July of this year after we had met with Ardiel Brothers concerning this matter. I informed the member that while we were eager to assist in any way we could, their application for funding did not meet the Ontario Development Corporation criteria, nor the criteria established under the employment development fund. The group was asking for 33 per cent of capital costs versus the normal one to 12 per cent established by the EDF.

The payout on the \$750,000 capital investment was over a 20-year period, based on the \$39,000 profit per year that the group estimated. In addition, I pointed out that the government funding for the storage facility could be seen to be unfair, since the facility would then be competing with existing facilities which were privately funded. There would be virtually no direct additional employment from this facility.

10:30 a.m.

As the member knows, my ministry tried to help those companies through the EDF, but were unable to have their application qualify. I suggested to him that other sources of financial assistance could be pursued, such as the Federal Farm Credit Corporation and the Federal Business Development Bank. They are currently reviewing the controlled atmosphere storage capacity across the province to determine if we have adequate storage for apples. Currently, about 24 per cent of Ontario apple storage is in a controlled atmosphere. I recognize that there appears to be an import replacement opportunity if we can effectively extend the Ontario apple growing season by expanding the CA storage facility.

I met with these people, as the member no doubt knows, and again I repeat, they told me personally that each individual farmer would come in and do his own storing of his apples.

Mr. McKessock: Just on that point, Mr. Chairman, the minister mentioned they pursue getting federal support. I just want to mention again that a 33 per cent federal grant

has been approved for that facility if they get further financing.

**Hon. Mr. Henderson:** Yes. There is no argument. The payout is \$750,000. The group was asking for 33 per cent of the capital cost. Yes, the federal government does have a program whereby if the project goes ahead, they will get a \$250,000 grant from the federal government for a storage facility.

**Mr. McKessock:** But it appears that the money is going to be lost because of insufficient financing to sweeten the project. When it was turned down in the first place, I know your response to me mentioned that there was not any processing, that it was completely cold storage and that they would have to change that if they were going to qualify. They did come back then with a change, saying they would put processing into it and it would employ more people; but they did not want to do this at the start. That is why they did not come through with the application, bringing this in at the start, because they wanted to work into it gradually. They wanted to build their facility and then, in a year or two, add the processing. But since that was the only way they were going to obtain the funds, they changed their position and said, "If we have to do this to get the funds, we will add the processing right at the start."

After listening last night to how you want to support the apple industry and to extend the life of the fresh fruit product, I just feel this is one way of doing it: to give support to a company like this which has solid roots in the community and a large acreage of apple orchard, which is doing its utmost to do exactly what you were saying last night you want done, but which is held up by insufficient financing.

**Hon. Mr. Henderson:** As I said in my remarks, we are reviewing the total storage situation across the province.

**Mr. MacDonald:** Mr. Chairman, a number of the points to which the minister has responded are points that were raised by the Liberal critic as well as by myself. I have no complaint on that score, but I object to the fact that there are three or four major areas I raised that the minister has chosen to ignore totally. Therefore, I want to put a few specific questions on the points which, for whatever reason, he has chosen to ignore.

For example, on the whole import business, he cites dairy products and the chicken quota issue. I will concede those are the areas in which there has been some public discussion and some argument, and repre-

sentations have been made by this government with regard to the number of imports, particularly on cheese specialties and things of that nature, and particularly in areas where we can produce it ourselves. But he chose to ignore these facts: On meat, the trade imbalance between 1972 and 1973 went up 675 per cent; on fruit and nuts it went up 160 per cent; on vegetables it went up 319 per cent, and on potatoes it went up 232 per cent.

I want to ask a question with regard to the broad area of imports, not just the one or two areas that you choose to pick and on which you perhaps have the strongest case for a response. In your speech to the federation of agriculture in Renfrew county on September 24, you said: "Our government has recognized this problem"—that one cloud in the otherwise blue sky, the problem of imports—"and is taking strong corrective measures to the benefit of farmers, food processors and consumers alike." Would your mind citing for me a few of the corrective measures you have taken in the broad area of imports and what evidence you have that they have had impact at all?

**Mr. Riddell:** In that vein, Donald, I do not know whether you noticed the financial pages of the Globe, entitled Barrie Tells OFA Some Imports Could be Grown, but it states: "More than \$2 billion worth of food now being imported could be grown in Canada according to Ralph Barrie, president of the Ontario Federation of Agriculture. Farmers have no reason to be happy with either the federal or provincial government policies on imports and exports, nor should the rest of society accept it."

**Mr. MacDonald:** The minister himself conceded in another speech which I have right here that there is \$1.5 billion in imports. Theoretically, 60 per cent of this could be grown and replaced by Ontario produce but as a very carefully gauged minimum objective, you have fixed for the next five years the replacement of one third of those theoretically replaceable imports which is only \$200 million. But I come back to my broad question which you, in a very calculated way if I may say so, have not dealt with. What have you done? Where are the strong corrective measures you have taken in the broad area of imports, which you conceded to be the major problem, and what evidence is there that they are succeeding?

**Hon. Mr. Henderson:** First I might point out to the honourable members that under our Foodland Ontario campaign and in conjunction with the marketing boards, the adver-

ising program that we have carried out is ne major step in this direction. The mem- er, I am sure, is aware that over half of the omen out there doing the shopping—the eople maintaining the home—are aware of is and do look for the Ontario product when ey are shopping.

**Mr. MacDonald:** Okay. You have joined orces with the boards to encourage the eat- ing of Ontario products. I repeat my question: hat evidence is there that there has been y reversal of the trend in imports?

**Hon. Mr. Henderson:** Next, I think I answered on the employment development nd—

**Mr. MacDonald:** I will get to that in a inute.

**Hon. Mr. Henderson:** Somehow or another have—maybe that is in part of the remarks—

**Mr. MacDonald:** The employment develop- ment fund has nothing to do with imports.

**Hon. Mr. Henderson:** It sure does. The mployment development fund is a major ue in it. Do I have my statement here?

**Mr. MacDonald:** I hope this is not going to be a repeat of five other statements you ve already given in the House.

**Hon. Mr. Henderson:** It might be.

**Mr. Riddell:** Your staff must work all night.

**Hon. Mr. Henderson:** They are a pretty od staff, I am going to tell you.

**Mr. McGuigan:** I do not think they are eeting much sleep lately.

**Hon. Mr. Henderson:** You should all recog- nize that a considerable amount of work in a segments of our agriculture industry will ve to be done if we are to replace one rted of our replaceable imports by the mid- 1980s. Let us also not forget that this is the e year of our five-year import replacement . I would be extremely delighted if we d accomplish our \$200 million objective ore the five years of our plan.

**Mr. MacDonald:** Okay, you have set a eatest objective; but apart from co-operation a the boards, what other strong corrective easures have you taken?

**Hon. Mr. Henderson:** My staff is now de- eeping an import replacement priority list hich we will have completed by April, 1981. I am hopeful that we will not only t but exceed the objective we have estab- lished.

at week in the House, members would eember a question from the leader of the e Democratic Party about tomato im- . It is a genuine example of the prob-

lems we are faced with. The greenhouse growers are growing their produce, and the last report I had from them—and this was from them, not from my staff—was that the average annual income from an acre of greenhouse was about \$75,000, and it costs them about half of this for energy.

10:40 a.m.

As of about two weeks previous to the question in the House, Mr. Epp, who was the head of the greenhouse growers, suggested to the growers that they cease putting their product on the market because they were not able to compete with—

**Mr. MacDonald:** Mr. Minister, I am aware of that. May I get back to my question? What strong corrective measures have you taken? So far you have told me that by April of next year you will have compiled a list.

**Hon. Mr. Henderson:** We will make a list available.

**Mr. MacDonald:** Okay. For you to have told the good farmers of north Renfrew that by April next you will have compiled a list and to present that to them as being strong corrective action—it is only a little planning for whatever action may take place, if it ever takes place—I suggest you were misleading the farmers of north Renfrew.

**Hon. Mr. Henderson:** In no way, Mr. Chairman. Again I go back to the employ- ment development fund and there were four grants through that which will—

**Mr. MacDonald:** I want to get to the em- ployment development fund, but have we left it? The only strong, corrective action is that you are working with the marketing boards on advertising the Foodland Ontario program to get people to buy more Ontario produce. Have you any evidence that it has reversed the trend in imports?

**Hon. Mr. Henderson:** I just suggested that 60 per cent of the shoppers out there are aware of this.

**Mr. MacDonald:** Have you any evidence that it has reversed the trend in imports?

**Hon. Mr. Henderson:** That is evidence to me, Mr. Chairman, that the shoppers are aware of the Ontario—

**Mr. MacDonald:** They are aware, but I am asking for hard figures as a result of your strong, corrective action. Have you any evi- dence that the trend in imports has been reversed?

**Hon. Mr. Henderson:** I will have them, as I proposed, by April.



**Mr. MacDonald:** By next April? Okay, that is fine. Let's leave that and move on to the other.

I am confused, and perhaps it is because we are dealing with bits and pieces of a program. I would appreciate—and I know you cannot do it today—if you could give me a listing of all the areas in which you have assisted in the food processing industry, part from EDF. I want to come to EDF in a moment.

You have cited a number of cases where this action has been taken or that action has been taken. Put anything that you want to put into the basket to indicate what you are doing, because I really want to focus on this for a moment. In my leadoff statement, I pointed out that between 1961 and 1970, 1,379 food processing establishments in Ontario disappeared, which is half of them. I would like to know any areas in which you have given any assistance, whether it be technical advice or money to restore a dozen or two of those 1,379 food processing establishments.

Let me focus sharply on the EDF. I come back to my exchange with Larry Grossman when his estimates were taking place in this committee, and he said there were three or four grants but he could not tell me what they were. He jokingly said he did not know, in fact, he hoped he could avoid making it available before the agricultural estimates. I would like to know specifically, what are the three or four EDF grants, other than perhaps the tomato paste one. Was the one down in Essex county an EDF grant? That is an EDF grant. Is the money that you said was made available for the development of the handling of clingstones from the EDF?

**Hon. Mr. Henderson:** I do not believe it was.

**Mr. MacDonald:** You do not think that is EDF?

**Hon. Mr. Henderson:** I will answer you in a minute.

**Mr. MacDonald:** That is the kind of thing I would like to find out. My earlier question asked about any assistance you may have given. What are the four EDF grants and have they been announced, or when will they be announced?

**Hon. Mr. Henderson:** Mr. Chairman, I did read you the press release on the tomato paste, didn't I?

**Mr. Chairman:** That is right.

**Hon. Mr. Henderson:** You have that?

**Mr. Chairman:** I have that.

**Mr. MacDonald:** That was back last January.

**Hon. Mr. Henderson:** Yes. We have issued press releases on the following: J. D. Meats, grant of \$150,000 towards replacement of imported canned ham with Ontario ham. This is in the Niagara Peninsula. Cuddy Foods, \$500,000 towards the extension of their excellent turkey processing facility.

**Mr. G. I. Miller:** Is that the one that was interest-free for five years?

**Hon. Mr. Henderson:** Wait a minute. I am sorry, I said we had issued a press release. We have not issued a press release, just want to correct that part. We have not issued press releases on the following—

**Mr. MacDonald:** You mean these are being announced for the first time?

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** These last two, Cuddy and the earlier one?

**Hon. Mr. Henderson:** Yes. As far as I am concerned, I have not—

**Mr. MacDonald:** That is three now, are there more?

**Hon. Mr. Henderson:** Yes. Contrary to what has been suggested, there has been intended secrecy about these grants. At J. D. Meats there was an official blue-ribbon ceremony attended by senior ministry staff as well as members of the provincial and federal Houses.

**Mr. MacDonald:** And no press release was put out?

**Hon. Mr. Henderson:** It was out there, was not at it but—

**Mr. MacDonald:** No press release was issued?

**Hon. Mr. Henderson:** No.

**Mr. MacDonald:** Don Beenen, where was it?

**Mr. McGuigan:** You keep your staff up at night and yet you do not send out press releases.

**Hon. Mr. Henderson:** The press was there when it happened.

**Mr. MacDonald:** But you usually have them with one, if not three or four press releases.

**Hon. Mr. Henderson:** I was not there myself, Mr. Chairman.

Cuddy Foods, \$500,000 extension. Cuddy Foods brings turkey eggs in.

**Mr. MacDonald:** Are there others?

**Mr. McGuigan:** Sun-Brite, what about that?

**Mr. MacDonald:** That is the tomato paste. That is the one down in Essex.

**Hon. Mr. Henderson:** We spearheaded the award for a \$250,000 Ontario Development Corporation loan guarantee for Vegetine Incorporated. Do we have the details of Vegetine here? We will get you a data sheet on that.

**Mr. MacDonald:** I want to make a general comment on this. This study, in the first instance, was done by the Ministry of Industry and Tourism. This was done by the Honourable Mr. Grossman, Minister of Industry and Tourism. The rumours I heard were that there was a considerable battle or difference of opinion between the ministry and the Ministry of Agriculture and Food as to who was responsible for pursuing and implementation of this.

My second bit of information, and I think you confirmed this earlier, was that some time not later than August of this year, responsibility for implementing this task force was given over to the Ministry of Agriculture and Food. The thing I find puzzling is that it is over in the Ministry of Agriculture and Food, how in heaven's name did the Minister of Industry and Tourism not know what was happening with one of the grants? Perhaps if he had handed it over to the Ministry of Agriculture and Food it is understandable that he did not know what was happening. Why has one been announced, another was announced without a press release, the third one may be announced soon if it has not been, and the fourth one you have just mentioned presumably has not been announced? What is your process? It is a sloppy, ad hoc process.

**Hon. Mr. Henderson:** I really did not tie these ODC grants with that particular report personally, but mind you, they fit in with it.

**Mr. MacDonald:** In response to it.

**Hon. Mr. Henderson:** What I have said before in respect to the ODC—

**Mr. MacDonald:** Not ODC, EDF.

**Hon. Mr. Henderson:** Employment development fund, okay. What I said in my response last night or previously to that particular report is contained in a statement I made in the House on this matter last June. I want to take this opportunity to elaborate on some of the remarks made at that time. In so doing, I hope to dispel any misconception some of you may still, unfortunately, have regarding this ministry's programs and initiatives relating to the task force recommendation.

The task force report was submitted to the Ministry of Industry and Tourism June 27, 1979. The report covered six major areas. The first four dealt with proposals for economic incentives to be made available to growers and processors. The last two areas dealt with the marketing board's-processors' relations and information needs.

The specific areas examined in the report were financing and incentives.

10:50 a.m.

**Mr. MacDonald:** We know all that. What are you doing about it? It is your responsibility.

**Hon. Mr. Henderson:** Let me go on with what I have pointed out in the next two pages. I go on with financing, reviewing tender fruits, stimulating the tomato paste industry, increasing the apple juice industry, improving processing and marketing board relations, information and intelligence.

The Ministry of Agriculture and Food considered the task force report helpful in its ongoing work with the processed fruit and vegetable industry of Ontario. I must add that a number of our related programs were well under way before the task force completed its report.

Let me now get down to some of the specific initiatives my ministry has taken, and will be pursuing as they relate directly and indirectly to the task force recommendations. I regard the tender fruit processing industry as an essential and vital industry in this province. The rebuilding of our lagging peach processing industry has required close coordination and co-operation among nursery stock growers, peach producers and processors. The clingstone peach tree planting program has been under way for several years. While at one time it did slow down, the program has been reviewed and is well in hand. This revival has been initiated by the tender fruit development committee and, especially, by Canadian canners. The industry has indicated this program can be carried out without government financial assistance at this time. Producers are requesting long-term contracts from Canadian canners which would, in effect, be the incentive that is required. My ministry will continue to work closely with the total industry on this program.

The development of a more viable tomato paste industry in Ontario is proceeding in a very positive manner. A major study undertaken by my ministry, in co-operation with the growers and processors, was completed last year. The study was extremely well received by the industry. It is serving as a model for further developments in this area.

In addition, my ministry has arranged for financial assistance through the employment development fund of \$270,000 to Sun-Brite Canning for plant expansion in the tomato paste area. I should point out here that the marketing division of the ministry has the responsibility for dealing with all agricultural and food related applications.

We are continuing to work closely with the apple commission and processors in the development of an apple juice industry. One of the problems to be dealt with in this area is the economic viability of the industry. At the present time, growers are reluctant to plant orchards for juice purposes only. As a result of discussions held between staff and my market development branch and Canvin Products Limited, a project has been undertaken to evaluate the possibility of producing apples for juice purposes versus the fresh market. These are but two examples of the ongoing work.

Moving to the area of improving processors-marketing board relations my ministry, through the Farm Products Marketing Board and the Milk Commission of Ontario, is promoting policies wherever possible to accomplish this objective. It is the policy of both the board and the commission to hold discussions and seek out viewpoints from all segments of the industry that may be affected before any major changes in government regulations are considered. The Farm Products Marketing Board is required to provide a thorough economic impact study before any new marketing plan is put in force. I could go on if you wish, Mr. Chairman.

**Mr. MacDonald:** I heard that speech when you first gave it in the House.

**Hon. Mr. Henderson:** I gave it last night too.

**Mr. MacDonald:** I have a clearer picture of that, particularly when I go back and read it. May I just draw to your attention that by actual count there are perhaps a dozen food processing industries you have helped? They are the ones in existence now and one or two new ones you are going to establish. That is a dozen among the 1,379 that have disappeared in the last 20 years. That is a drop in the bucket of trying to cope with the problem of deindustrialization in the food industry, which is one of the largest sectors of our industry. But it brings up the question I asked in my leadoff, and I want to ask it again. I do not understand where the minister draws the line in terms of the responsibility of OMAF. You have now conceded you have a responsibility beyond the farm gate out into the food industry. Why,

then, do you back off totally from any responsibility beyond the farm gate in milk?

**Hon. Mr. Henderson:** Do you want me to answer that now?

**Mr. MacDonald:** Of course, I do. That is why I asked you.

**Hon. Mr. Henderson:** Mr. Chairman, know the member is well aware of the Ontario Milk Marketing Board. I look to them for guidance.

**Mr. MacDonald:** You might as well stop right there. The guidance they have given you every year, year after year, is that the price of milk to the producer at the farm gate is gauged in accordance with a formula which is publicly known and publicly accountable. There is no accountability. They have asked you to establish accountability in what is done in terms of increasing prices by the dairies and the retailers, often piggybacking on the price increases the farmers have got. You say you have no responsibility. I wrote to you this summer and you replied on September 25.

**Hon. Mr. Henderson:** No, you wrote to the press. I wrote you a letter from what got from the press. I got yours three weeks or a month later.

**Mr. MacDonald:** That is interesting. It got lost in intercommunications, but you got it and you replied to it. In the letter you state, "I intend, also, to discuss the matter with industry representatives in the near future. Did you?"

**Hon. Mr. Henderson:** There is never a week goes by where I do not discuss it with the industry and with the milk producers themselves. Let me tell you, when this question was asked in the House a long ago and the Minister of Consumer and Commercial Relations (Mr. Drea) answered, he suggested he had done a complete review of this and was satisfied that any increase the processors could put into effect was justified.

**Mr. MacDonald:** He does not know.

**Hon. Mr. Henderson:** I believe in the free enterprise system. I believe it must work.

**Mr. MacDonald:** Please do not give me that crap. Marketing boards are a massive intervention in the free enterprise system and you preside over them. Do not engage in cheap rhetoric. Let me read the paragraph in your letter.

**Hon. Mr. Henderson:** Let me go a little bit further and tell you I have personally investigated the spread between the farm gate price and the price the consumer is paid.



ing in other jurisdictions and regions. We here, in this area, enjoy the cheapest milk of any jurisdiction I am aware of.

**Mr. MacDonald:** Who in the industry did you talk with? You said you talked with the producers—fine. The Ontario Milk Marketing Board is under your jurisdiction. Who in the industry, among the dairies or the retailers, did you talk with, as you said you were going to in this letter of September 25?

**Hon. Mr. Henderson:** I have talked to most of the industry.

**Mr. MacDonald:** What information did you get?

**Hon. Mr. Henderson:** If you really want what I got, they are having financial troubles.

**Mr. MacDonald:** Nonsense.

**Hon. Mr. Henderson:** All right then. Do you want the truth?

**Mr. MacDonald:** Nonsense. The profits for Silverwood Industries and Borden are way up in the last two or three years.

**Hon. Mr. Henderson:** Do you want the truth? They are having financial troubles.

**Mr. MacDonald:** They are not in financial trouble. I suggest to you that neither you nor your colleague Mr. Drea knows the facts, because you have never sought the facts. Furthermore, may I reiterate, the Ontario Milk Marketing Board has asked you time and time again, repeatedly this summer and this fall at the Geneva county milk meetings, to establish some mechanism of accountability for price increases.

**Mr. Riddell:** While he is getting that information, Mr. Chairman, I must tell you I regret I am not going to be able to sit the rest of today or tomorrow night on this committee. I do not want you to think I am having thinking it is an exercise in futility, but I do have some speaking engagements in eastern Ontario. The topic of my subject is "The Myth of Tory Management." Good luck to you.

**Mr. J. A. Taylor:** I was there last night looking after things.

**Mr. McGuigan:** They will be in a receptive mood then.

**Hon. Mr. Henderson:** I did have these particular two pages in my comments that I cut at this morning to get on with this.

a.m.

**Mr. MacDonald:** You are really trying to sortchange me this morning.

**Hon. Mr. Henderson:** It was really in response to your comments and I thought you would be interested—

**Mr. MacDonald:** Oh no, it was in response to your reading for the umpteenth time of things you had already given in the House.

**Hon. Mr. Henderson:** Mr. Chairman, I would be very happy at this time to go through the part that I cut out. But at this time, may I respond to the honourable member?

The question of responsibility for trade practices has been raised and I would like to make a few comments on it. When the Ontario Food Council was established it was given the responsibility for trade practices because there were no other areas in government, at that time, to deal with it. You may recall that the Ministry of Consumer and Commercial Relations did not exist at that time. However, with the establishment of that ministry it proceeded to develop and exercise provincial jurisdiction as it existed in this area, recognizing that a large part of it falls under federal jurisdiction.

When the marketing division of my ministry reorganized in 1979, it was recognized that whatever authority on trade practices there might be in the food area should be with the Ministry of Consumer and Commercial Relations, because by that time this ministry was firmly established in the total trade practices field. As a part of the reorganization of the marketing division the new development branch was formed. This involved repealing the act under which the Ontario Food Council operated and transferring the food council trade practices responsibility to the Ministry of Consumer and Commercial Relations.

However, as pointed out in the royal commission inquiry into discounts and allowances, a great deal of jurisdiction in this area lies with the federal government. Provincial jurisdiction over trade practices generally is fairly well restricted to the retailer-consumer relationship.

You claim this is what the board wanted and what was told you at their Geneva Park meeting. This is respecting the food price increase. I understand you stood up and asked them to indicate if they liked your fair price review board concept and to tell you whether it should report to the Ministry of Agriculture and Food or Consumer and Commercial Relations.

The Guelph board has not approached the government with a policy position. The chairman has stated he is not afraid of accounting to others. I would think you would want to examine the implications of the Combines Act as it relates to collusion before you proceed further on your fair price.

**Mr. MacDonald:** First, Mr. Minister, that is just a rehash of the obituary the government gave when it wiped out the food council. Second, the latter part of it is just a piece of nonsense—raising the phoney threat of being in combine.

Just pause for a moment and think about what happened with milk. In November of last year, in accordance with the formula, the price to the producer was raised. The dairies and retailers piggybacked their increase on it. Two months later, in January 1980, they took another increase on their own initiative without anything going to the farmers.

This fall, the producers took an increase of 2.79 cents per litre when their formula indicated they could have taken 4.5. The dairy industry immediately announced they were going to appeal it to the milk commission, complaining that this kind of increase was going to have an undue impact on the market. Then they had second thoughts about it and withdrew it. But having withdrawn it, they then put a piggybacked increase on the dairies up to five cents and at the retail level to seven cents.

So the farmers got 2.79 cents, the dairies got five cents and the retailer put it up to seven. Nobody knows whether those increases were justified. Drea does not know; he has not looked into it. You do not know, because you are dreaming up phoney excuses that it is a federal responsibility and it may get into the combines legislation and be in conflict with it. You do not know. To say that you have not had an official request from the milk marketing board to establish some accountability on price increases is a real cop-out.

**Hon. Mr. Henderson:** It is no cop-out. They have not approached me since their meeting at Geneva Park—

**Mr. MacDonald:** They have been making this request for years. I shall suggest to them that the minister is ignorant of this request from them and perhaps they should officially inform you. But you do not know and the Minister of Consumer and Commercial Relations does not know.

Some of those increases to the dairies and retailers are undoubtedly justified; I know they have price increases. But then the farmer takes 2.79, when he could have taken 4.5 cents; the dairies complain and then they themselves jump it to five cents and the retailer jumps it to seven. Particularly when the dairies and retailers in many instances for a great proportion of the milk are in the same corporate empire—the Weston or the

Dominion setup with their dairies—you are not accepting your responsibility.

What makes this even more outrageous in terms of the minister accepting responsibility is that this year the Ontario Milk Marketing Board is spending more than \$4 million of producer money to advance the sales of milk. Who is getting the benefit of it? The dairies and the retailers. The producers are paying the whole shot. Sixty per cent of that last increase, when it went up to seven cents and the farmers got only 2.79, was going to the dairies and retailers and yet the farmers are the ones who are spending the money to advance the sale of milk.

I leave the issue, Mr. Minister, but you are copping out on it. It is time that you or the Minister of Consumer and Commercial Relations took hold of it, instead of this mealy-mouthed business about the dairies being in a hard position when their profit figures indicate that in the last two or three years they have never done better.

Let me raise my last point. Significantly, the minister had nothing to say about the Leach report. I do not blame him, but I have one question. The Ontario Federation of Agriculture has written to the Premier (Mr. Davis) and suggested that the report not be accepted. It suggests instead that the government should respond to the four or five specific problems the OFA tried to deal with the commission on and got nowhere. Indeed, the commission has confused and confounded the picture and made it worse.

Is the government going to accept that report? What is your response to the specifics that have been sent to you, to all members of the Legislature and to the Premier in a letter? Are you going to respond to those specifics of the OFA?

**Hon. Mr. Henderson:** The letter to the Premier will be responded to by the Premier.

**Mr. MacDonald:** Are you in the cabinet with him?

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** It is in your area of OMAF?

**Hon. Mr. Henderson:** The letter was to the Premier.

**Mr. MacDonald:** The letter was to all members as to what the government is going to do. In other words, you are copping out and leaving this to the Premier?

**Hon. Mr. Henderson:** It was to all MPPs as I remember.

**Mr. MacDonald:** That is right. But the letter was to the Premier specifically and it was accompanied with very specific proposals

**Hon. Mr. Henderson:** The Premier will respond.

**Mr. MacDonald:** He had the letter on, I think, October 26; the memorandum to all of us in the Legislature was October 22. Can we expect a response within a year?

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** Within a month?

**Hon. Mr. Henderson:** I will let the Premier respond to it.

**Mr. MacDonald:** Is it your advice that the report should not be received as the OFA requests?

**Hon. Mr. Henderson:** I will give my thoughts to the Premier on it.

**Mr. MacDonald:** Good; we run a secret government around here and we get nothing in the estimates. That is all for the moment, Mr. Chairman.

**Mr. G. I. Miller:** Mr. Chairman, along the same line, I would just like to quote to you and the minister some comments that Mr. Barrie made in the financial section of today's Globe and Mail. Mr. Barrie said: "Policies of supermarket chains and foreign-owned food processing companies are also responsible for unnecessary food imports. For example, Del Monte Corporation of San Francisco, which has a Canadian subsidiary, Canadian Cannery Limited of Hamilton—" which I might point out was originally in Simcoe—"has been doing a thriving business importing goods into this country. These imports are nothing but intra-firm transfers suited to the global strategy of the parent companies. Large retailers are also getting into the act in a big way. Today most private label brands are manufactured in foreign countries. Independent processors fade away as their access to the all-important shelf space disappears."

"He said that although 1980 was a bumper crop for Ontario peaches, the federation found that two supermarket chains carried only imported peaches, and that none of the chains carried Ontario tomatoes. Independent stores, meanwhile, 'carried all kinds of all Ontario produce.' Mr. Barrie said independent processors and grocers are the farmer's most secure links in the food chain, but their competitive position is threatened by the system of discounts and allowances that has been forced on the food system by the big chains. To the farmer, the decline of the independent spells one thing, loss of market access."

**Mr. Wildman:** That is what the member for Ottawa Centre (Mr. Cassidy) said and the

member for Essex South (Mr. Mancini) disagreed with him.

**Mr. MacDonald:** That is what I repeated in my leadoff.

11:10 a.m.

**Mr. G. I. Miller:** I just wanted to put it on the record. Did the minister have any comments? I know he has been questioned by the critic of the New Democratic Party, but I think they are serious allegations. We are not getting access to Ontario-grown peaches. The tomato industry does not have access through the independent stores. What are you doing about it?

**Hon. Mr. Henderson:** If the member would remember, a few weeks ago I responded in the House and, in my remarks respecting the peaches, I pointed out that the clingstone type of peach was found for economic reasons and flavour to be used a great deal more. There was demand by the consumer for this type of peach.

**Mr. McGuigan:** That is for processing and they are talking about fresh peaches.

**Mr. G. I. Miller:** No, they are talking of supermarket chains carrying only imported peaches. There was a bumper crop this year and the federation found that two supermarket chains carried only imported peaches. None of the chain stores carried Ontario tomatoes.

**Mr. McGuigan:** I guess he does not say whether it is fresh or processed. I would assume it is fresh.

**Hon. Mr. Henderson:** The member knows that our peaches are carried by all the stores in season, as I understand it from the information I have been supplied with. I go back to the processed peaches. The growers and the Canadian canners have both agreed that the clingstone peach is the one they need for the canned peaches. Since early 1970, there has been a tree planting process. From 1979 to 1980 the processing of clingstone peaches has increased from 3,000 tons to 4,000 tons, an increase of 1,000 tons. It is the hope of the producers and processors to increase this to 10,000 tons by 1990. This process has been in effect since about 1974 when it was first recognized. That is the story on the peaches.

Concerning the tomatoes, the member is well aware, I am sure, of the exchange in the House respecting tomatoes which is mentioned by the member for Algoma. The leader of the New Democratic Party was not able to find Ontario-grown tomatoes on a store shelf. The head of the greenhouse growers himself suggested to the greenhouse growers they



cease putting their tomatoes on the shelf as it was too expensive. They could not compete with imports.

I am sure the member is aware that at that stage some two weeks ago the government of Canada did drop the duty on these imports which made it difficult for our people to compete.

**Mr. McGuigan:** You are talking about a very small segment of the market.

**Hon. Mr. Henderson:** We are talking about the tomatoes.

**Mr. McGuigan:** Late September and October.

**Hon. Mr. Henderson:** No, we are talking about the last two weeks.

**Mr. McGuigan:** That is a small segment of the total tomato market. In the summer we have fresh tomatoes available on the market. The greenhouse crop that is of significance is the spring crop.

**Hon. Mr. Henderson:** We produce, how many, 31,000 or 32,000 tons? They are sold. They have no trouble producing and selling them. I have not had any complaints about that at all. I do not think the member can find any complaints.

**Mr. McGuigan:** But the part you are talking about is a very small part of the market.

**Hon. Mr. Henderson:** Yes, but I am quite sure the president of the Ontario Federation of Agriculture must not have had all the facts.

**Mr. G. I. Miller:** I want to make it clear. I think in the beginning it was indicated that \$2 billion worth of food is now being imported. I think what he is saying is that the big companies are controlling it.

**Hon. Mr. Henderson:** No, the member does not understand the situation at all. He has not followed the conversation of the member for Kent-Elgin and myself. There is no disagreement at all between the two of us on what has happened here. This member just does not understand the greenhouse growers and the problems they are faced with.

**Mr. G. I. Miller:** I am speaking about the imports and the general concept that we are not supporting the small processor to get our share of the market. I think it clearly indicates there is a \$2 billion market. We should be working towards getting our share of that by making sure it is grown in Ontario.

**Hon. Mr. Henderson:** If it will help the member informing himself and gaining knowledge on the situation, during the past nine years we have increased the production of tomatoes by one third. The Sun-Brite Can-

ning plant in Mr. Mancini's riding will take up about 10,000 to 12,000 tons of tomatoes. It is a big help. The overall production of tomatoes is slightly under 400,000 tons annually. That is one third higher than it was nine years ago.

Is there any misunderstanding on the peach situation?

**Mr. G. I. Miller:** I think you have gone over it enough times that I understand that. I still think there is a broader market there and that we can be supporting our local processing plants to get us a fair share of the market. We have to give them some special consideration.

**Hon. Mr. Henderson:** What the member is saying is that the marketing boards themselves are not doing their job—

**Mr. G. I. Miller:** No, I am not saying that.

**Hon. Mr. Henderson:** —because in both cases, both in the peach marketing and the vegetable marketing, they believe they are doing a full job and I support them. I believe they are.

**Mr. G. I. Miller:** The other area I ask about again is the \$500,000 loan that was given for five years at no interest. What company was that to?

**Hon. Mr. Henderson:** The only \$500,000 loan was Cuddy in Strathroy.

**Mr. G. I. Miller:** Is that policy available to other areas?

**Hon. Mr. Henderson:** Each loan takes into consideration what it does.

**Mr. G. I. Miller:** Is that the only one that was given in 1979?

**Hon. Mr. Henderson:** No, there were four.

**Mr. G. I. Miller:** There were four, okay. Were they all on the same basis?

**Hon. Mr. Henderson:** No, each loan is considered by itself as to what it really does, the amount of capital—

**Mr. G. I. Miller:** So it is not very clear. If somebody comes in with a program showing he would like to expand, might he qualify for an interest free loan and another one not? Is that correct?

**Hon. Mr. Henderson:** That is quite possible, depending on the employment and what have you, the money available by the individual, the overall financial structure and the amount of employment it will supply. This is all considered.

**Mr. J. A. Taylor:** How much money do you have left, Mr. Minister? I made an approach in connection with an expansion of Waupoo Canning in Prince Edward county. I was referred to the Ontario Development Corpora-

ion. I was just wondering whether there is any money in your ministry for expansion, for upgrading a canning factory.

**Mr. MacDonald:** May I just throw a supplementary in there? I hope I can get clarification from the minister. In the mini-budget that Frank Miller brought down, the employment development fund is wiped out and is replaced by the Board of Industrial Leadership and Development which is a five-year planning program. There was some talk about residue of moneys in EDF that would still be available. Have you still got that?

**Mr. J. A. Taylor:** That is what I am asking for a clarification on.

**Mr. MacDonald:** Do you still have any EDF moneys or is that the Ministry of Industry and Tourism and you have to go over to your hands and knees and beg for it?

**Hon. Mr. Henderson:** There is still \$2 million in the original allocation that is available for—

**Mr. MacDonald:** Is Agriculture and Food included?

**Hon. Mr. Henderson:** It is held in Treasury. We do not have it in our budget. There is \$2 million of that still available in the food industry.

**Mr. J. A. Taylor:** But that would be through Industry and Tourism.

**Hon. Mr. Henderson:** Mr. Miller, the Treasurer, is the chairman of that committee.

**Mr. Wildman:** Basically what happened is that Miller got control of it away from Grossman.

**Mr. McGuigan:** Mr. Minister, you said \$5 million the other night.

**Hon. Mr. Henderson:** Yes, but there is \$2 million left.

1:20 a.m.

**Mr. McGuigan:** But where did the \$3 million go? You have not explained the \$3 million in your former explanation.

**Hon. Mr. Henderson:** I have not explained the \$3 million because I am sure you would agree that the money should be expended. We do not have the applications in one place, we agree they should go to another place.

**Mr. MacDonald:** You mean outside Agriculture and Food?

**Hon. Mr. Henderson:** Yes. We do not disagree. And if they come in in a year or two—

**Mr. MacDonald:** With 1,379 food processing plants having gone down the drain in 20 years, that must be an area for spending the money.

**Hon. Mr. Henderson:** Mr. Chairman, we look at all applications. To answer Mr. Taylor, for the ones he is inquiring about, it was not an employment situation.

**Mr. J. A. Taylor:** None whatever?

**Hon. Mr. Henderson:** No. It was strictly an ODC loan, and it has gone to ODC.

**Mr. J. A. Taylor:** Just a minute, Mr. Minister, I do not want to contradict you, but I do not think you are in a position to know that. My inquiry was of a general nature to determine whether or not there was any potential within your ministry to entertain an application of that nature. It was for the expansion and upgrading of one of our major canning factories in Prince Edward county.

**Mr. MacDonald:** Would it provide more jobs?

**Mr. J. A. Taylor:** I would assume so. I did not have the figures in terms of job expansion. I asked for them.

The answer I got in regard to the general inquiry was that there was not any money available in your ministry and that presumably I would have to go to the Ministry of Industry and Tourism—which I have. I am not quarrelling. This man is an independent, hard working—he probably buys \$500,000 worth of produce from the local farmers. It is important in terms of the farm community. I guess he will not quarrel that the money comes from some other ministry, but I was just wondering if there is a program existing in the Ministry of Agriculture and Food.

**Hon. Mr. Henderson:** Let me answer the member this way. I thought I had made it clear that the person who heads this is Mr. Frank Miller, our Treasurer. He is the chairman of the fund board. It sits every Wednesday morning at eight o'clock to consider these loans. The money is in the budget of the Ministry of Industry and Tourism. I suggested to you earlier that \$5 million was allocated to Agriculture and Food if we had applications. I have pointed out four loans that have been—

**Mr. McGuigan:** But they do not add up to \$3 million.

**Hon. Mr. Henderson:** I will get back to that. I thought I had partially answered you.

**Mr. MacDonald:** May I clarify my earlier request?

**Hon. Mr. Henderson:** Let me answer Mr. Taylor first. I will try to answer all your questions.

When we get an inquiry for a loan, the information is sent out to the individual who is making application as to what the require-

ments are for the two different loans, for the employment development fund or the Ontario Development Corporation. In this case, after he read the criteria the individual applied to the Ontario Development Corporation. He did not come through—

**Mr. J. A. Taylor:** My individual?

**Hon. Mr. Henderson:** Yes.

**Mr. J. A. Taylor:** With respect, it has not reached that stage. The letter came in to me, and I was charged with the responsibility of pursuing the matter to see what the potential was for some government assistance. It was not a question of him processing an application; I wanted to get on the right road, so the applicants wouldn't be led up any blind alley.

**Hon. Mr. Henderson:** That is where it would go.

**Mr. J. A. Taylor:** I am not quarrelling. If there is money available for processing—and I gather there should be, through Industry and Tourism—

**Hon. Mr. Henderson:** Through the Ontario Development Corporation.

**Mr. J. A. Taylor:** —the Ontario Development Corporation.

Just to clarify this, I gather that there are no funds administered by your ministry for the processing industry. Is that correct, or am I wrong?

**Hon. Mr. Henderson:** No. They are—

**Mr. J. A. Taylor:** So they are not in your ministry?

**Hon. Mr. Henderson:** No, they are not in our budget.

**Mr. MacDonald:** But \$5 million was earmarked for food processing?

**Hon. Mr. Henderson:** For agricultural projects.

**Mr. McKessock:** So in Mr. Taylor's case that would be eligible under the employment development fund.

**Mr. J. A. Taylor:** No. It would be under the Ontario Development Corporation.

**Mr. McKessock:** Why would it not be eligible under the EDF?

**Hon. Mr. Henderson:** Because it did not supply sufficient new employment.

**Mr. J. A. Taylor:** Please do not anticipate—

**Hon. Mr. Henderson:** If Mr. Taylor wants to divulge it, that is fine.

**Mr. J. A. Taylor:** What is that?

**Hon. Mr. Henderson:** Why it did not qualify. I do not have it here.

**Mr. J. A. Taylor:** No, it was just a general inquiry. I did not give the outline of supporting information. I was just inquiring whether there was any use in submitting an application. I gathered not. I am not criticizing you.

If the Ontario Development Corporation earmarks some of its moneys, from wherever it goes, for agricultural projects you are accomplishing the same thing. It is presumably all government funds. It was a matter of clarifying whether your ministry actually has any control of any capital funds for loan and/or grants. I gather there are not any grants except possibly the few left over in connection with that \$3,000 for a mill house—

**Mr. Wildman:** You get grants from the government only if you are big.

**Mr. J. A. Taylor:** —or maybe manure lagoons, that type of thing.

**Mr. Chairman:** Are you finished, Mr. Miller?

**Mr. G. I. Miller:** No, I would like to clarify what Jim has said. Is there any policy if someone comes in requesting some assistance, like Cuddy, who got a \$500,000 loan at no interest for five years? I am not quarrelling with that. They probably could meet the requirements. But what is the policy laid down, so that we could hand it out to some of our constituents and say that it is the policy of this government? Is that available?

**Mr. McKessock:** That would be a good idea.

**Mr. MacDonald:** Subject to negotiations.

**Mr. G. I. Miller:** Yes.

**Hon. Mr. Henderson:** Mr. Chairman, the applicant comes in for a loan, our staff looks at the situation.

**Mr. G. I. Miller:** You do not have a policy you can give to us as a guideline?

**Hon. Mr. Henderson:** No. We ask the individual to present his case.

**Mr. G. I. Miller:** So it has to be up to the cabinet and the minister himself to make those decisions.

**Hon. Mr. Henderson:** We have staff process the application. If we believe it qualifies for the employment development fund we take it to that committee. If we believe it qualifies under the Ontario Development Corporation, we recommend it go that route. We lose our identity at that. But if it is the employment development fund, we follow it through.

**Mr. McKessock:** Would it not be a good idea, as Mr. Miller says, for you to have a



out criteria that the individual can take a look at?

**Hon. Mr. Henderson:** We can get that.

**Mr. McKessock:** If you have \$5 million earmarked for agriculture I think it would be in your best interests to be able to send it out to the agriculture people.

**Hon. Mr. Henderson:** We will get those guidelines for you; they are available.

**Mr. McGuigan:** Mr. Minister, how can you say you are taking these bold initiatives that you spoke about—

**Mr. MacDonald:** Strong corrective action. A misleading phrase.

**Mr. McGuigan:** —to the people of Renfrew, was it?

**Mr. MacDonald:** Renfrew county.

**Hon. Mr. Henderson:** It must have been a pretty good statement. It upset most of you.

**Mr. McGuigan:** You have \$5 million available in the EDF for agriculture, yet you can only account for something in the area of \$1 million. Two million dollars apparently slipped out of your hands. You are taking these bold corrective actions. Yet you say our member, Mr. McKessock, one of the straightest guys in the Legislature, is misleading. How can you do that, Mr. Minister—

**Mr. MacDonald:** And repeat it.

**Mr. McGuigan:** —and not, like the big fellow that you are, withdraw that statement?

**Mr. MacDonald:** The chairman corrected it earlier and said he did not think it was really fair.

**Mr. McGuigan:** I appreciate what the chairman has done. He is a great fellow.

**Mr. MacDonald:** He is having difficulty, as we are.

1:30 a.m.

**Mr. McGuigan:** He is not going to run again.

**Mr. MacDonald:** Mr. Chairman, Just one final comment on this: I asked a question earlier, and I am now going to put it as a written question on the Notice Paper so that I can get an answer, and no fooling about it, because the food processing industry is one of the most important elements of the whole industry of Ontario. We are plagued with de-industrialization. We have lost 1,379 food processing establishments in this province in the last 20 years.

What I am going to put on the Notice Paper and request the minister to give us is the total picture: (a) how many loans have one from the ODC to food processing; (b)

how much assistance has OMAF given outside of EDF for anything in the food processing industry; and (c) what has been the distribution to date of the \$5 million earmarked for the food processing industry for the direction of this ministry?

You say \$2 million remains and \$3 million has been distributed. The figures you have given us do not add up to \$3 million. I want a tabulation as to how many EDF grants have been given and why they do not meet the \$3 million figure, since you have only \$2 million left of the \$5 million that was originally earmarked. I will put all that, I hope, beyond any shadow of misunderstanding on the Notice Paper for the reply, and I hope we can get it.

**Hon. Mr. Henderson:** We are working on a total here for you, Mr. MacDonald.

**Mr. J. A. Taylor:** Could I suggest that the minister might review some of his publications or leaflets with a view to updating the material to make it current, so that he does not pick up something and find out that the cupboard is bare and go through an exercise in frustration as well as futility? If I want to learn how to iron a shirt, I can get a pamphlet from the Ministry of Consumer and Commercial Relations or something.

**Mr. MacDonald:** Or how to make a goulash. There are lots of recipes coming out.

**Mr. J. A. Taylor:** But it is not so clear in regard to just what is available currently. I appreciate our difficult economic times in terms of constraint and careful spending; but I put that out knowing of the minister's personal commitment to the farming industry and the commitment of the government in support of the farmers of Ontario.

The other thing I would like to ask the minister to comment on is a reference by Donald MacDonald to the disappearance of much of the processing industry in Ontario. I have personally experienced that decline in terms of numbers in my riding. I guess it follows in a way the decline in the number of cheese factories. There does not seem to be a simplistic answer to that, and it may not necessarily be bad. I do not know. I put it to the minister maybe to comment on it.

For example, there hardly seems to be a year that goes by in which a canning factory or two does not open its doors. In an area of high unemployment, we have problems in getting people to work seasonally in the canning factories. I notice that we have to import offshore labour to keep our canning factories operating, so there may be legitimate reasons for the closure of the factories

or processing plants. It may not necessarily be bad, I do not know. From a nostalgic point of view, I certainly would like to see the canning factories and the cheese factories continue in operation.

**Mr. MacDonald:** The greatest area of nostalgia concerns the bakeries that have closed in every small town across the province. Bread is now mass-produced and trucked out in great trailers from some central production point; and it is not bread, it is goo that sticks to your palate.

**Mr. J. A. Taylor:** I understand that, and I lament the fact—and you have mentioned, Donald. There may be some very good reason.

The other thing I wanted you to comment on is the greenhouse industry. As the cost of energy goes up—and you have mentioned the problem in terms of being competitive with such places as California or Mexico where you have the natural sunshine to ripen your fruit in the winter. On the other hand, you have an increasing transportation cost from those jurisdictions. Is there any adjustment of competitive disadvantages, if I may put it that way? I would like you to comment on that.

**Mr. McGuigan:** A trailer is about \$4,000 to \$5,000 now.

**Mr. J. A. Taylor:** For a trailer. I would think there may be some compensating factors, notwithstanding the increase in energy costs here. If we take into consideration our potential—we have been talking for many years about utilizing waste hot water, improvements in the greenhouse industry itself, the curtains that you put up and this kind of thing, and the heat saving devices. I am just wondering how the minister sees the relative position, notwithstanding the comment by the head of the greenhouse growers, "Don't grow tomatoes because it does not pay off."

We still have experiments in the mines in Sudbury. I think they are growing tomatoes underground. I don't know how all of this may relate. I would like to hear something on those matters if I can.

Just to repeat: the one issue is, in terms of the processing industry, whether numbers of plants is everything. It may not necessarily be bad that they are closing. It may not be good, it may not be bad, I do not know. I would like your comment on that. The other issue is, of course, the competition and what we are doing here to make our industry more competitive, taking into consideration the transportation costs and energy conservation.

**Hon. Mr. Henderson:** Mr. Chairman, might I first try to clear up the question regarding the employment—what do we call it?

**Mr. MacDonald:** Employment development fund.

**Hon. Mr. Henderson:** Employment development fund. If the honourable member will add up what we have already agreed to lend, I think it amounts to \$1,170,000. Originally when this fund was established, the government suggested that \$5 million go towards the agricultural industry.

**Mr. MacDonald:** That means you have approximately \$3,900,000 left.

**Hon. Mr. Henderson:** We just did not have the applications; we just did not get them for it. The applications were not there.

**Mr. McKesock:** Why were they not there? Were they discouraged, like the one from our area and the one from Mr. Taylor's area?

**Hon. Mr. Henderson:** Your area, with all due respect, could not supply any employment, only an income of \$29,000 a year.

**Mr. McKesock:** That was the first proposal to you. But then when they came back you said they could not get money unless they did provide some employment and put some processing in, so they changed it. Your quick reply to that was, "No," again. I expect you probably thought, "They have just done this to get the money," and that is what they did. If they had to go further to get the money, then they decided to add the processing. They did not want to expand that quickly; they wanted to take it more gradually, but if that is what they have to do that is what they will do.

**Hon. Mr. Henderson:** My staff informs me that the second application offered a very small amount of employment relative to the amount of money they wanted.

**Mr. MacDonald:** You see, Mr. Minister, you have been misleading us. You have said many times during these estimates that \$2 million was earmarked. You do not even know what is going on in your own department. You now have done some adding, and you find that you have distributed only \$1.1 million, so that \$3.9 million of the earmarked \$5 million—

**Hon. Mr. Henderson:** Mr. Chairman, let me finish my original statement on it.

11:40 a.m.

**Mr. MacDonald:** You are free in accusing others of misleading, but you are—

**Hon. Mr. Henderson:** I pointed out that originally \$5 million was earmarked for agriculture.

**Mr. MacDonald:** And \$2 million was left.

**Hon. Mr. Henderson:** After considering all the applications, we had \$1,170,000 that met the criteria of supplying sufficient jobs. Recently, when the amount of money left was evaluated again, there being no applications from this area, it was decided we would still leave \$2 million there.

**Mr. MacDonald:** The difference between \$2 million and \$3.9 million you might have had was not used and has gone back into the Treasury?

**Hon. Mr. Henderson:** It has not gone back into the Treasury; it has gone to others. I think the member would agree there is nothing wrong with that.

**Mr. MacDonald:** But we just helped you find out you do not have \$2 million or the \$2 million had another \$1.9 million you did not use and returned.

**Hon. Mr. Henderson:** We never had it. It was earmarked. But we do have the assurance if we get applications for the \$2 million, we have kept \$2 million for that purpose.

**Mr. McKessock:** You say you are looking at apple storage across Ontario now.

**Hon. Mr. Henderson:** That is the need—apple storage.

**Mr. McKessock:** Could you advise me when these two farmers, who are uniting to put up this storage and have 500 acres of apples, can make a further application? Would it be considered in a better light than it was before?

**Hon. Mr. Henderson:** I cannot assure them it would be considered in a better light at any time. I cannot give that assurance. I would suggest in mid-1981 we will have a better old on the situation.

**Mr. McKessock:** Why will it take until mid-1981 when it is just past mid-1980 now?

**Hon. Mr. Henderson:** Mr. Chairman, I would add something at this time. I believe the member for Grey is quite knowledgeable of this. I was in his area a few weeks ago. The day before I was there, they had a severe hailstorm in the apple orchards. The farmers were receiving 10 cents a pound for their apples. This hailstorm was definitely going to decrease them to seven cents a pound if they went for canning. If they had to go for juice, it was going to mean just four cents a pound.

**Mr. McKessock:** Three and a half cents.

**Hon. Mr. Henderson:** Those figures are not that far off. I just want members to realize that apples for juice are—you say three and a half cents, I will accept that—four tenths of that they are for the fresh apple market.

There is not much incentive for the farmer to grow them for juice. That is an area we can really expand.

**Mr. J. A. Taylor:** Will you answer my questions now?

**Hon. Mr. Henderson:** Give them to me again.

**Mr. J. A. Taylor:** You wanted to answer your own question before you got to mine. Mine was the question of declining processing plants. I have canners of peas, tomatoes and corn in my area. However you see that evolving, there is no precedent in terms of numbers, but obviously there are reasons for it. They cannot stay competitive. I would like your observations on that.

What I pointed out was that may or may not necessarily be bad. From an observer's point of view, it is not a happy event. For the farmer who is supplying the produce, it is not a happy event unless he can supply it somewhere else as conveniently. From the processor's point of view, he has had to close. I do not know if that slack is picked up somewhere else by consolidation or centralization of these plants. There is a limit to how far you truck fresh vegetables.

If we are bringing in peas, we have to have some priority in terms of getting the peas to the processing plant. For example, we get it crossing the Glenora ferry. The peas have priority and they do not have to stand waiting on the shore. They have that load-on. I want your comment on that. Do you see what has happened as good or bad, and what is its future? That was one point.

My second point concerns the imports. We do not want to say to people that they cannot eat tomatoes in winter because we do not grow them in Ontario. If we can afford to buy imported fruits like papaya or whatever else we eat that is not grown here, then I presume people should be permitted to buy those. They are imported. If we cannot grow tomatoes here in the winter and compete with Mexico, then I presume that if people want to buy those they should be able to.

**Mr. McGuigan:** You are answering your own question.

**Mr. J. A. Taylor:** No I am not.

I am not suggesting the commodity should not be available on the market. What I am asking is how the minister sees the local situation improving, bearing in mind that it costs more and more for transportation of those commodities from countries where they enjoy the sun in the winter. You have to weigh that factor against the increased energy costs here for heating greenhouses in the winter. Where



do you see the future here, also taking into consideration the use of waste heat?

**Hon. Mr. Henderson:** Mr. Chairman, first let me answer the member: we are all concerned about the "little" disappearing from the farm industry, right back to the farmer. Ten years ago he had 200 acres; today he has 400 acres, or what have you. The member is well aware of this. We all have that problem facing us.

Our processing industry is faced with the same situation. When it comes to modernizing their plants to meet the competition and they start to add up the costs and the depreciation, they are of that age group that believes it is easier to sell what they have to another plant.

**Mr. MacDonald:** Del Monte buys it up, closes it down and imports the stuff from its surplus in the United States.

**Hon. Mr. Henderson:** We hope our Foodland Ontario advertising helps to promote Ontario products.

Let me use one situation I recently looked at, the asparagus market, and what has happened to it over the last 10 years. It has just about reversed itself from 10 years ago. I do not have the actual figures, but 10 years ago 60 per cent of the asparagus grown in Ontario was canned and processed for the market later in the year. Now the fresh market has taken over to such a point that today about 30 per cent of asparagus is all that is available for canning. The fresh market here is using the majority of asparagus.

Again I go back to the member for Grey. On the day I was there, perhaps two months ago—some time in September, was it not?

**Mr. McKessock:** Yes. The report is dated November 12, so it was not too long ago. You stated the disappearance of farm land acreage had been stemmed.

**Hon. Mr. Henderson:** During my visit to the Grey area, I visited an asparagus farm of 15 acres. The individual who is growing it there does not have to sell any of it to the processors. The complete 15 acres' crop is sold at the roadside stand, right there. It is because of a change in the eating habits of our people.

11:50 a.m.

If I might carry this a step further with the asparagus, on investigation we find that the cost of labour is so expensive that there is no incentive for the farmer to plant out new fields. We believe we could use another 3,000 acres of asparagus here in Ontario. We have the land in the Niagara area that could grow this. But over a three-year period

the farmer has to invest about \$1,000 to plant it and care for it before it starts to produce. So it is estimated that, with labour and all, before he can start to harvest—the member for Elgin (Mr. McNeil) could tell you these figures better than I could—it is about \$2,000 an acre before the farmer starts to reap any benefits from asparagus. Mind you, then, if well produced, this lasts for 10 to 20 years depending on the potential. But we find that this is being imported into British Columbia, processed there and then shipped across Canada.

**Mr. MacDonald:** So our drop from 70 per cent to 30 per cent, in terms of processing, is being replaced in British Columbia, you are saying.

**Hon. Mr. Henderson:** Yes. That is one of the things that does concern us and I have spoken to the asparagus growers and I am working with them to see if something can be worked out. That is one area that really gives you an idea of what has happened in the past 10 years. It is the eating habits of our people. Asparagus is a low-calorie food and is being used by the consumer more.

**Mr. McGuigan:** Mr. Chairman, may I respond to that? What the minister says in regard to asparagus—or you could say lettuce, because people eat a great deal more lettuce today than they used to—is quite true. There is probably little we could do to affect those individual cases. But where we do have strengths—and certainly in Mr. Taylor's area the strength is the cool-loving crops, the cold crops such as sweet corn, which will grow in an area that does not have enough heat units to grow a heavy unit of green corn such as is grown in southern Ontario. Peas, cabbage and some of the other vegetables do not require a lot of heat units. We are just not doing enough in the areas where we have strengths.

Cabbage is an example. As you know when you put cabbage in cold storage it is nice and green. It is not very long before it turns white. People do not like white cabbage. They like some colour in it, some green. But if you go to CA storage with cabbage, which is all very commercial, the cabbage retains its green colour. Quite a few years ago, this country had a double-barrelled storage systems program. The federal people would grant one third and the province would lend one third to co-operative storage—not to private ones, but to co-operative storage. I do not know when they dropped that. It was dropped years and years ago.

There is an area in which you could be fighting. Possibly the EDF money would be

a source used to restore that lending program. It was not a gift program by the province; it was a lending program. Today's farmer, if he is going to go into operation—as you mentioned—has to go into it on a big scale. This means buying a great amount of equipment. By the time he has done all that, he just does not have the money or the borrowing power to do what is required in the area of storage.

**Mr. MacDonald:** So what you are asking for is an active rather than a passive program. As I understand it, what the minister is doing is sitting there waiting for applications.

**Mr. McGuigan:** We have strengths here and we are not using those strengths.

**Mr. MacDonald:** If you were to take the lead in finding the areas where things could be done and encouraging it—but you are not—that would be an active program. You are engaged in a passive program of responding to whatever comes.

**Hon. Mr. Henderson:** I will not disagree with the member on his statement. I just go on to say that the canning company, whichever one it may be, enters into a contract with the farmer each year to accept what it thinks it can sell on the market. Tomatoes and sweet corn are in a controlled system, whether we care for that or not. Before the farmers plan the sweet corn or the tomatoes, they have entered into a contract to sell them. So they are all business people. We realize there are some imports of both in the canning process, but it is a very small amount in both of those. There are other areas we are much more concerned about.

I was recently speaking to some farmers about imports. Their suggestion is that we are in Ontario right now should be able to compete with any imports, given the rate of the dollar and everything. But the problem they are faced with is the high wages when it comes to hand labour.

It has been mentioned here about the greenhouses and about the waste heat. Yes, we have explored that all across Ontario. The first generating station, the amount of waste heat there—there is a company, as you know, which plans on putting in 35 acres to grow tomatoes and strawberries. It is still in an experimental stage yet, but Ontario Hydro has agreed to supply this waste heat at a very reasonable price. I do not have the actual price but there have been experiments across northern Ontario on our interprovincial pipelines. I have a four-page report, but I do not have it here this morning. I could get it.

**Mr. MacDonald:** But you see, Mr. Minister, you have had my own and Jim's second question with regard to the greenhouse. Look, it is just plain common sense. We are pouring into the lake from the Bruce complex the equivalent of 2.5 billion barrels of oil a year in waste heat. Now you are going to recapture some of that, as they have done in Scandinavian countries for years for central heating of subdivisions and things of that nature, and build an industrial park in which you can build greenhouses.

That is magnificent; if those greenhouses are going to replace imported food, that would be achieving the objectives that you have set out. If those greenhouses are not going to replace imported food, for every greenhouse you build up in Bruce—they are contemplating building down towards your area, Jim—in the Darlington area, Northumberland and Ontario county, you will be driving belly-up an existing greenhouse with energy costs such that the owners have to destroy their tomato plants because they cannot compete with what is coming in, despite the transportation costs of bringing imports from Mexico.

So until you achieve something by way of a barrier for the imports, all of this glorious development up in Bruce which the Ministry of Energy goes to see and is ecstatic about, which you go to see and are ecstatic about—and Weston is getting in it and is going to grow it for themselves, and it will be just another part of the Weston empire which has part of the industrial park—is not going to solve the problem. For every greenhouse you build, you are going to drive another one into bankruptcy. What success are you going to have in terms of replacing the imports?

**Hon. Mr. Henderson:** Mr. Chairman, I think we are all answering very factually here and looking at the situation. All I can say is, if you do not venture, you are not going to improve it. I do not disagree with you. I mentioned that in the Essex area, I believe, their cost of energy is about half their cost of production. I have suggested on many occasions that I believe there is waste heat in the Windsor area. We know we have additional sunshine there that we do not have in the Bruce area. There is no argument at all about the climatic conditions in the Essex area.

12 noon

**Mr. MacDonald:** Sunshine parlour.

**Hon. Mr. Henderson:** It is the farthest south that we have. The hope would be that the waste, whether it be in Bruce, in Windsor, in Toronto or wherever, would help to increase the production during the period in

which we are now importing. It is not the idea to put the present operators out of production; the idea is to extend the season and to have the present operators find a local source of waste heat on the interprovincial pipeline. As I say, I would be glad to bring the results of the experiment done in the far northern part of Ontario, in an area that has much less sunshine and which we believe will one day replace—

**Mr. J. A. Taylor:** I am not in the least joyous about seeing canning factories closed down and greenhouse operators put out of business. Incidentally, Mr. Minister, Donald MacDonald is leaving now and I was going to comment on something that he said. That is, I would prefer to see our domestic competitor, whether or not it uses waste heat, put our other greenhouse operators out of business if they do not get into using waste heat themselves, rather than to see foreign competitors put our domestic people out of business while we are not producing anything, if you understand what I am saying. It is like the shopping plazas replacing the strip development in terms of merchandising. You have to move with the times.

**Mr. MacDonald:** If we do not replace imports, we are deepening our problem. It is as simple as that.

**Mr. J. A. Taylor:** We have to maintain domestic production, even if it means some dislocation. I wanted to comment on that while you were still here.

**Mr. MacDonald:** I have an engagement in Thunder Bay and I have to catch a plane. I will be back tomorrow night. This is like a soap opera. I doubt that I will miss anything.

**Hon. Mr. Henderson:** Mr. Chairman, I want the member to know that the energy committee within my department, chaired by my deputy, is looking at the concerns he has brought up. They will form part of the report in January or February, early in the new year.

**Mr. McGuigan:** Mr. Chairman, I would like to make a brief comment on the greenhouse industry. While it is not very strong in my riding, I am fairly close to the people of Essex. It may well be inevitable that they have to go to waste heat. Certainly the member for Essex South (Mr. Mancini) is fighting for his people in their present location.

You have to understand the terrible wrenching turmoil it is to those people to face giving up their present greenhouses and their association with the community, especially to some of the religious groups. They are divided along religious lines. They have

a great attachment to their church and even to their loved ones in the graveyards. Giving that up and moving to another community at a fantastic cost in terms of today's economy—some moneys, such as the \$1.9 million which may be only a drop in the bucket in moving the greenhouses, could be provided to help these people move. Getting a cheaper heat resource is a great incentive. I think they provided roughly one third of the cost it would be for a fuel fired—

**Hon. Mr. Henderson:** One third? They told me about half.

**Mr. McGuigan:** I saw the figures the other day—

**Hon. Mr. Henderson:** We will not argue over it, but it is still a big item.

**Mr. McGuigan:** I saw figures they were offering to industry, a price per pound; I think they said fuel fired was about \$4.50 per pound of steam, and they were offering it at \$1.60, \$1.70, or something in that area.

There are other problems in the marketing concept. One of the reasons Essex county is so successful in reaching the Montreal, Ottawa and Quebec City markets—where a lot of their stuff goes, is that they can put together mixed trailer loads. There are very few markets in Canada that can take a straight load of, say, tomatoes or peaches or whatever. We just do not have receivers large enough to take straight loads. It is a great advantage in Essex county to make up mixers, with some greenhouse products and some outdoor products.

They have that marketing organization that works year-round. It keeps their staff and their contacts. Personal contact in this business is very important. It is a business built on trust and if you do not have trust in this business it can completely collapse. When you ship a carload of perishable products it is on the word of the shipper. If it arrives in poor condition it is on the word of the receiver. This is a very tough industry but one which will not put up with any false information. It will not stand for it. So this is the success of Essex county.

When you take the greenhouse industry out of there, you leave a terrible marketing situation. You do not have a marketing situation up in Bruce for greenhouse products and you do not have a marketing situation in Essex for outdoor products; they are not going to be co-ordinated. The member for Essex South is fighting for a lot more than simply the greenhouse situation. Doug Williams can confirm most of what I am saying. He knows how that industry works. It is



very involved. It is not as simple as just going to pick up waste heat.

There is also the problem of the people who work in those greenhouses. You do not make a horticultural worker overnight. These people come from generations who have worked in greenhouses. They know exactly what to do under the conditions. You are not going to take those people who are presently building plants up there and put them in greenhouses. You have the prospect of losing all those people. It is seasonal work. They work in the greenhouse in the spring season mainly, and they work on the outdoor crops in summer and fall; and you split that organization up.

What I am saying, Mr. Minister, is that it is a very complex business. If it is going to be accomplished at all, it is going to take a lot of understanding and, I suggest, some money.

**Hon. Mr. Henderson:** Mr. Chairman, I have no disagreement with the member. I fully realize that. But I think the member would agree that we must find the means to reduce energy costs for the greenhouse operators. We must.

**Mr. McGuigan:** The writing is on the wall.

**Hon. Mr. Henderson:** Yes. We must reduce costs. We must proceed. I live near Sarnia and I think of the waste heat there that just goes off into the atmosphere. Think what that would save the greenhouse growers if they were situated next door to that and could make use of it. I am sure there must be a great deal in the Windsor area. But I recognize the great cost of transferring this is well. There is no argument at all. We will certainly be looking at all this.

Vote 1901 agreed to.

2:10 p.m.

On vote 1902, agricultural production program:

Items 1 and 2 agreed to.

On item 3, crop insurance:

**Mr. McGuigan:** Mr. Minister, there are a number of commodities in the unorganized area, some of the ones we have been talking about, such as cabbage, beets, and other vegetables not governed by marketing boards, which really do not have a co-ordinated spokesman for them. I have been speaking to the crop insurance people, who point out the difficulty of having a crop insurance program for each and every one of them; but they say it would be possible to have an umbrella crop insurance for a group of those commodities, and they could be administered

under one program. Because those products are so unorganized, are competitive with one another and no one is speaking for them, you are not being deluged with requests for crop insurance, nor are you likely to be.

You seem to take the attitude that the farmers are running the Ministry of Agriculture and Food and you do not take any initiatives. I want to suggest that, if we are going to replace these imports, and if we are going to take initiatives, you are going to have to do something on your own even though it might not be at all terribly popular at the moment. If you are really determined in your effort to try to replace some of these imports, I suggest that is one of the areas where you can take some initiative, and I doubt if you would have any opposition. I am suggesting that you are not going to have people banging down the doors here to get a crop insurance program for those items. Yet, it is necessary, because the United States has a crop insurance program now and their growers are being protected. They are just expanding their crop insurance program at the moment. There is one area.

Another area on crop insurance that has been a pet of mine for a number of years is the peach question. Referring to your press release on peaches; I agreed with everything you said with one exception, and I bring this up because we seem to be bringing the federal government into the problem by saying that all of our problems in Ontario are due to the fact that we do not get as much in DREE grants as Quebec gets. I think we should give the feds credit when it is due.

You said in your press release on peaches that it was Joe Clark's government that brought in the new tariff structure. The new tariff structure was negotiated over several years in the Tokyo round of tariff agreements. It was agreed upon by the Ontario Fruit and Vegetable Growers Association—and I do not know if it is all that important as far as our Canadian government is concerned, and whether they put great store on the agreement of the OFVGA. But I was at the meeting in 1977, and I rather imagine that Doug Williams was there; I cannot specifically remember when he was there, but it was in April or May. There, we ratified as growers the new tariff arrangements. It fell, by fortune or misfortune, whichever way you want to look at it, to Joe Clark finally to ratify and implement it; but it was negotiated over many years. I think the basis is that they renegotiate them every 10 years, and it takes years of discussion. I just digressed to point

out that I agreed with everything you said about the peaches—

**Hon. Mr. Henderson:** But you did not want to give me the political credit for the other thing.

**Mr. McGuigan:** No.

**Mr. J. A. Taylor:** He did not want to give Joe Clark the credit. If you had taken it yourself in terms of Ontario's presence in that round then it might have been even more credible.

**Hon. Mr. Henderson:** The only suggestion I have for the honourable member—I acknowledge what he is saying. At the moment, the commission has met with the potato producers, and you know the problems they have been faced with. The potato producers at this moment agree that they really do not want crop insurance yet. Now I do not know what we do. We cancelled this a year or two ago because there was no reason for it. But I would suggest to the member that if there is any particular crop that wants insurance, approach us. We are open. We are ready to look at it.

**Mr. McGuigan:** What I am saying is, because these people are so disorganized they are not liable to take the initiative. It seems to me it is up to Ontario to take the initiative to try to replace these imports. If you called a conference of the unorganized producers and they rejected it, I could not complain about that.

**Hon. Mr. Henderson:** That is very interesting. Tell me more of what your thoughts are on the unorganized people. Would you suggest that we call a conference of the farmers who are not part of the marketing board system?

**Mr. McGuigan:** Yes, to see if they are interested. Go to your crop insurance people and see what kind of package they can put together, and work out the mechanisms on it.

**Hon. Mr. Henderson:** I will speak to our crop insurance people about that. I do not disagree with you. It is just to get a workable solution, and we are open for input. If you have something further, please drop in or let me know.

**Mr. McGuigan:** Part of our job as official opposition is to oppose, but it is also to offer alternatives.

**Hon. Mr. Henderson:** Right. We are open.

**Mr. McGuigan:** We offer a lot of alternatives. To go back to peaches, one of the pet projects that I have been trying to do through the Ontario Fruit and Vegetable Growers Association is to have a program

of insuring peach trees. The Americans are now moving into this; they are just moving into tree insurance.

When you look at the peach business in Ontario, you see it is a sort of risk to plant them. The best area to plant them in is the Niagara Peninsula, and I hate to say that coming from southwestern Ontario. But when you look at the statistics and the weather pattern, you see it is the best area. I suppose it is to my own and to my constituents' personal advantage to see the Niagara Peninsula paved over; but I am telling you, as a fruit grower and as a person interested in agriculture in Ontario, I just think that is entirely wrong. Nevertheless, it is happening. So if we are going to have a peach industry in Ontario, it is going to be to some extent outside of the Niagara Peninsula.

Then you come to the risky areas: what happens in actual practice—and I have seen this with my own family; the particular piece of ground that we are on, Cedar Springs, is by accident one of the best pieces of ground for—

**Hon. Mr. Henderson:** You will not trade acre for acre in the Niagara Peninsula? I do not think you would.

**Mr. McGuigan:** If I were talking dollars, there are some I might trade in.

12:20 p.m.

**Hon. Mr. Henderson:** You can go equal to Niagara, I think.

**Mr. McGuigan:** Yes, but we do not have as good weather conditions.

What actually happens is that a farmer through trial and error, will discover a piece of ground that has the right soil and the right climatic conditions—and here we are talking about micro-climates; The next field has a different climate, depending on the topography and the wind breaks and all these sorts of things. He finds a piece of ground plants the peaches, is successful and makes money. Then the neighbours for quite a way around say, "Gee, this looks good." They plant peaches and it is a total disaster. I can show you examples of this all over southwestern Ontario. I see George Collins nodding his head. It is a total disaster.

The first thing they should do to plant those peaches is to go and dig a lot of holes, six or eight feet deep and find out what is underneath there. You now have a program, too, of photographing using heat-sensing devices and you can identify some of the areas where there is a big difference in micro-climate.

Just as a matter of interest, I went to a neighbour about two years ago who had a little peach orchard. I have been in peache

all my life. I said, "I have never seen an orchard as nice as this one; it is beautiful." Very shortly after that, the picture was published on the front of that research book that you have, showing the heat sensor map. That very spot was the brightest spot in the whole area, and this guy had landed there by accident.

It seems to me you could devise a program tied to crop insurance whereby you would insure those trees provided the Ministry of Agriculture and Food had done an assessment on them, dug some holes and found out what is underneath there. What happens is that for about the first three years, regardless of the soil conditions unless they are terrible, the trees do very well. As soon as the roots hit the cold, wet bottom it is game over. By that time, the owners have spent \$6,000 or \$7,000 an acre. These things can all be determined in advance with the scientific methods we have today. We have the markets. We have the people. We have the spots. We have the crop insurance system. I know the argument will come back from crop insurance people: "We do not want to take any part of management. Leave us out of management." To some extent they are in management now because they have different rates in different parts of the province. They have a lower rate in Niagara than they have with us. So to some extent they are in management.

What I am suggesting to you, Mr. Minister, is that there are areas where you can take positive action. I think unless you take those positive actions, our peach industry will be gone. There just does not seem to be the commitment to save the Niagara Peninsula. A town or a city says, "We want 7,000 acres," so they go through all the political things and they end up with 2,000. Nevertheless, there are 2,000 acres that are gone, and a few years down the road there are another 1,000 acres which are going to be gone.

There are initiatives that can be taken. Again, with the divisions there are within agriculture, there will be people saying, "Don't help those fellows over there because they are our competitors." That is a small view when you look at \$2 billion in imports. Maybe it is \$1.5 billion; who knows? But we are so far away from it, it does not matter. We have to take a little more than just those small parochial approaches.

**Hon. Mr. Henderson:** Mr. Chairman, again I repeat, we are open for suggestions. The commission is looking at all aspects. I would only say to the member that when he suggests anyone should plant a peach orchard, he really investigate the soil as to the depth

of the soil, the moisture, the heat and everything. I would think the member's son, who has grown up in the area, knows most of these questions now. That is part of the learning experience.

**Mr. McGuigan:** The hell of it is, though, it takes a man his lifetime to find these things out.

**Hon. Mr. Henderson:** That is part of the expertise that he acquires.

**Mr. McGuigan:** That is right. But a new man coming along looks over and says, "Gee, that fellow is doing well with his peaches; I am going to have a crack at it."

**Hon. Mr. Henderson:** But that is part of what the local farmer knows about his community. It is automatic. It is part of his learning experience. No disagreement, Mr. Chairman.

**Mr. J. A. Taylor:** Can I have a supplementary on that? Just following that up, I was impressed with the suggestion that we get more involved with thermography and infrared photography to assist in assessing soil capabilities and what the most economic crop would be. Years ago, as you know, throughout Ontario there were soil surveys made on a county basis. Has there been a sort of upgrading or sophistication of that process, utilizing the more modern techniques to provide that information? I raise this because of the comment of my friend, and how relevant that seems to be. I also raise it because of a concern that was implied, I think, in regard to the Niagara area and to land going out of agriculture possibly into development; at least I read that into part of what was said.

We have the federal soil classification with the seven classes and the attempt to evaluate soils on that basis: the utilization of that criteria in terms of the development, through the Ministry of Housing, regional governments and local governments, official plans and zoning communities. I am just wondering whether that could be made more useful or even more accurate if it were upgraded in some way. Do you have some comment on that?

**Hon. Mr. Henderson:** Mr. Chairman, as the member fully knows, two or three decades ago these soil maps were first produced—in fact, maybe longer than that. We upgrade these maps every four to six or seven years. We have steady staff working on it. They do three, four, five or six counties each year. So it is a continuous, ongoing job of upgrading.



**Mr. McGuigan:** I think our county's is about 50 years old, at least.

**Mr. J. A. Taylor:** Ours is very old, too, as far as I know. Is there a publication or a list that indicates what the latest revision is to each of these soil surveys?

**Hon. Mr. Henderson:** Would you like a list of when the ones that were redone and the ones—

**Mr. J. A. Taylor:** Whether they are available, and some comment on utilizing modern techniques to upgrade those surveys.

**Hon. Mr. Henderson:** We will have that for you.

**Mr. J. A. Taylor:** We have the aircraft flyovers now.

**Hon. Mr. Henderson:** Mr. McGuigan pointed out where the centre of heat is in the peach orchard in this one area. We have this information available now.

**Mr. J. A. Taylor:** You would not be flying. I doubt very much if you would be flying with the thermographic equipment over the areas throughout all of Ontario. It is a very expensive process, and I do not think you have the facilities. You probably would have to work in conjunction with the federal government.

12:30 p.m.

**Hon. Mr. Henderson:** We will try to have everything by next Tuesday night. That will give my staff a chance to put it together for you. Next Tuesday night at the opening of the estimates, we will try and supply you with all that information fully updated.

**Mr. J. Johnson:** Mr. Minister, I have one question about crop insurance, which relates to tile drainage. Has it been substantiated as to the percentage that would be saved on crop insurance if there were more tile drainage? Is there a direct relationship between the two?

**Hon. Mr. Henderson:** I do not have the official answer but definitely there is a direct relationship.

**Mr. J. Johnson:** There is, but you have no percentage figures?

**Hon. Mr. Henderson:** What you get into is that the people with tile-drained land do not buy crop insurance. There is no reason for them to buy it. They are almost assured of a crop. There is a direct relationship because, as you know—I am speaking not from an official point but from my own knowledge of the farming industry—with tile drainage you will get a full crop every year. With poorly drained land or half drained land, every fourth year you will miss a crop. Every

year your crop will be only about 60 per cent. Tile drainage definitely doubles production in most cases. But that reflects, as my deputy reminds me, in lower premiums and higher coverage.

**Mr. J. Johnson:** I would like to ask some more questions on tile drainage but we will leave it until we get to that item.

**Mr. Wildman:** I am not sure if this is in order, Mr. Chairman. I wanted to ask a question regarding tile drainage in the north, but if it is not in order—

**Mr. Chairman:** We are speaking now on crop insurance.

**Hon. Mr. Henderson:** I would be glad to answer Mr. Wildman.

**Mr. Chairman:** I know, but let us get to that later.

**Mr. McGuigan:** I really did not finish my crop insurance supplementary.

**Mr. Chairman:** We will let you come back to it.

**Mr. J. A. Taylor:** It was my supplementary that led you off on that tangent, Mr. Chairman. I apologize for that, but I think the supplementary was nevertheless relevant.

**Mr. McGuigan:** The US government is now moving into crop insurance on the tree themselves. What I would like from you is at least a commitment to look at it. I cannot ask you to institute a program this afternoon but I would like to ask you to look at what the Americans are doing, and at the competitive disadvantage we will be at here in Ontario if we do not do something similar.

I point out that the program does have to sustain itself. It has the federal 50 per cent of the premiums, and then you pick up the operating costs of it. But still, it is not a gift to the farmer. He cannot go out and insure things for which he never gets a crop. These programs over a period of time have to be self-sustained. That is federal money you could get. It would be an area in which to correct some of that alleged imbalance of federal money.

**Mr. J. A. Taylor:** Not "alleged," blatant imbalance.

**Hon. Mr. Henderson:** First, may I respond to the member? The US crop insurance is patterned after Ontario's crop insurance.

**Mr. McGuigan:** That is true enough, but now they are moving one step ahead of you.

**Hon. Mr. Henderson:** I do not disagree with the member, but maybe he could help me. Due to our climatic conditions, our severe winters, we do have certain tree losses. Doe

the member have any idea how the US addresses that? Mind you, I know there are areas in which they do not have this problem. Do they cover that under their tree insurance?

**Mr. McGuigan:** They have different problems. They have the same problems in a different respect. For instance, perhaps the best place in the world to grow peaches, outside of China or the eastern countries where the peach originated, is the Niagara Peninsula. They get fewer crop losses in Niagara than they do in Georgia. That seems hard to explain on the surface, but the problem in Georgia is that they do not get enough cold in the winter. The peach tree has to be subject to a cold period or it will not blossom in the spring. Every once in a while they get a warm winter. You read in the literature that, come spring, there is concern and frustration at not having had enough cold.

They have problems. They have a terrible mouse problem in the Appalachia area. They have a terrible problem with the southern pine mouse.

**Hon. Mr. Henderson:** What mouse?

**Mr. McGuigan:** It is a long son of a gun, about that long.

**Hon. Mr. Henderson:** Did you ever get me up your pant leg?

**Mr. G. I. Miller:** I just want to tell my colleague that we can grow peaches well in Norfolk, too. It has been a great industry here for many years. I think the Fox fruit farm was there. I think the only difficulty they had was with the cold spells. But I think the member is proposing an insurance policy that might be acceptable to give more protection to those particular growers and to encourage more production in the area to cover damage from that cold air.

**Mr. J. A. Taylor:** Let us hear more about this mouse.

**Mr. McGuigan:** There are problems in the United States. They are different problems, nevertheless. There are occasions in which orchards are taken out by tornado or flood. There were orchards in the Woodstock area that just disappeared. There was nothing there but holes in the ground.

There are things besides our natural disadvantages. We would not want to insure an orchard that was planted in the wrong soil climatic area. This is where management actually enters into the crop insurance picture, because the crop insurance people would have to say, based on their survey, you have a cold bottom in this ground, you

cannot grow peaches here," or "the weather records and the thermography records show that it is a bad spot."

In answer to your question, the US has problems. We have problems. But there are still problems in dealing with nature and with management programs.

**Hon. Mr. Henderson:** The member has mentioned the breakdown of what is paid by the senior government and what is paid by the individual. One of the problems we get into is, if we insure too many of these areas of risk, then the percentage to be paid by the grower becomes too dear. In other words, you price it off the map. That is what the great concern is: what risk does the individual grower take to himself?

**Mr. McGuigan:** At present he is taking all the risks.

**Hon. Mr. Henderson:** We will have consultations with them. We will look at your recommendations.

**Mr. G. I. Miller:** Good move.

Item 3 agreed to.

On item 4, farm income stabilization:

**Hon. Mr. Henderson:** Mr. Chairman, I want to remind the honourable members that last Thursday afternoon the Chairman of Management Board (Mr. McCague) introduced supplementary estimates to cover the sow weaner program. I want members to be able to ask questions on that. I believe that night Tom Wells stood up and moved that they be referred to this committee for consideration at the same time. This is on vote 1902, \$6.9 million supplementary on top of what is here.

12:40 p.m.

The figure available at present indicates that approximately 4,300 farmers enrolled in the plan with 193,000 eligible sows. If the best dressed weight per hog is 170 pounds, and the stabilization payment per hundred-weight is \$3.40, then the total stabilization payment for hogs for the first six-month period will be in the neighbourhood of \$9.3 million.

I have said that the cheques should be mailed in the latter part of November. I could not have the cheques mailed until they were introduced in the House, but the cheques will be going out this week.

**Mr. McKessock:** How many sows did you say?

**Hon. Mr. Henderson:** There were 193,000. It is about \$50 per sow for the six-month period, or a dollar or two either way. At one time we had it at \$51 and then it went back to \$49, but it is very close to \$50 per sow.

If you want it right to the dollar we will give it to you.

**Mr. McKessock:** Could you give me a brief explanation as to how it works? You mentioned it's working on the hundredweight.

**Hon. Mr. Henderson:** We pay the difference between 90 and 95 per cent. Do you understand that? The federal government picks up under the 90 per cent on its stabilization program. So when we asked our stabilization committee to look at it to give coverage, we decided it should be applied to the sow weaners, basing this on the sow's having 16 weanling pigs per year. That is more or less the average. We felt the individual farmer should be entitled to 100 sows per year.

I explained this earlier in the year, but just so it will be straight, for the replacement sows, we felt they should be allowed 20 per cent more. So, instead of making it a sow with 16 pigs a year, we have added 20 per cent to the 16-pig figure, making it 19. Then we take half of the 19 figure. Am I getting through to you? So do you understand what I am saying? Instead of saying "120 sows," we have said "100 sows, but instead of 16 little pigs there would be 19." Then the subsidy on that will be on "nine point so many" little pigs each six months. We figured it would be \$51.30 per sow for a six-month period.

**Mr. G. I. Miller:** That is for up to 100 sows?

**Hon. Mr. Henderson:** Yes, up to 100 sows. This is just for the one six-month period. I do not think there will be anything for now. We all know the price of hogs is up now so there will not be any for this present period.

**Mr. McKessock:** What is the contribution paid by the farmer to this first six months?

**Hon. Mr. Henderson:** One fifth of one third.

**Mr. McKessock:** One fifth of one third of what? Of the \$51.30?

**Hon. Mr. Henderson:** The farmer pays one third of this. Two thirds is paid by the province and the one third is the farmer's premium.

Let me explain that so they understand it. The province pays two thirds. The farmer is expected to pay one third of whatever the payment is over a five-year period. So on this payout, we have deducted one fifth, one year's premium, of his one third.

**Mr. J. A. Taylor:** That is on the difference between 90 per cent and 95 per cent?

**Hon. Mr. Henderson:** That is right. Have I gotten through to you on it? The payout at this time is about \$10 million, we expect, so we will keep back \$666,000 of that as the farmers' one fifth of one third.

**Mr. J. Johnson:** Mr. Minister, did you say \$193,000?

**Hon. Mr. Henderson:** Yes.

**Mr. J. Johnson:** How many farmers does that represent?

**Hon. Mr. Henderson:** It represents 4,300. I know there are farmers who have not applied to be registered.

**Mr. G. I. Miller:** That will amount to about \$1 million.

**Hon. Mr. Henderson:** No, \$10 million.

**Mr. McKessock:** Then the premium for the first six months will be \$3.40 per sow.

**Hon. Mr. Henderson:** I have not worked it out. Let us take it another way: one third of \$50,000 is about \$16,000 or so. Then take one fifth of that: yes, you are right on; it is \$3 and something per sow. That will come out of their payments over the next five years to balance.

**Mr. McKessock:** Is that premium taken off their statement when it goes out to them this month?

**Hon. Mr. Henderson:** Yes. Their cheque is the full amount less one fifth of one third.

**Mr. McKessock:** What happens for the next six months?

**Hon. Mr. Henderson:** We do not know what will happen, but I just said the price of hogs is back up, and I do not think there will be any payment.

**Mr. McKessock:** The farmer does not have to make application—he has made application for the first six months, but what about the second? Does he have to make application, or what?

**Hon. Mr. Henderson:** Within the next few weeks the new ones can apply.

**Mr. McKessock:** So the first six months covers what period?

**Hon. Mr. Henderson:** April 1 to September 30, six months of the current fiscal year. If you are knowledgeable about the price of pork, you will know that during this period the price of pork has been above that. The five-year average, I believe, was \$62 or \$63 a hundredweight, and the price during the last two or three months has been above that.

**Mr. J. A. Taylor:** Is that mandatory for the five years, or can you opt out, as happened in the cow-calf stabilization program? When you have a depressed market for the first year or two, then the market rises and there are no payouts.

**Hon. Mr. Henderson:** It is a mandatory five-year period.



**Mr. J. A. Taylor:** It is? Do you have any follow-up in terms of how that subsidy works through the system to the retail level? As a consumer, you sometimes wonder whether it is reflected in the price of the product on the shelf, or in the store I do not suppose you follow that up.

**Hon. Mr. Henderson:** Oh, I guess we do! We followed up the price of pork on the shelf for the last year and a half. It has certainly increased the consumption of pork by a great deal. It is the same with chicken. It has decreased the consumption of beef.

2:50 p.m.

**Mr. J. A. Taylor:** So you think the retail price is a fair reflection of the fluctuating subsidy—

**Hon. Mr. Henderson:** No, the subsidy does not appear on the shelf at all. It is just to keep the farmer from going broke during this period.

**Mr. J. A. Taylor:** I understand the purpose of the subsidy but, ultimately, surely a subsidized commodity should have some reflection in terms of the price of that commodity to the consumer.

**Hon. Mr. Henderson:** In the long run. Let me answer it this way: the principles and the thought behind it, in the long run, are to keep the producer in business during that slack period. If he is not in business—we have a sample of it right now.

**Mr. J. A. Taylor:** I understand that.

**Hon. Mr. Henderson:** No, but we really have a sample of it right now, Jim, in the price of hogs. The southern states did not have the production of grain so they are not producing hogs, and that has increased the price of hogs here in Canada.

**Mr. Chairman:** Supply and demand.

**Mr. J. A. Taylor:** I understand that, and I have gone through the depressed market with the cow-calf program and with calves. We did not have the federal stabilization program, as I recollect, at the beginning of that program, and Ontario led the way and went alone.

I appreciate the call for it and the response of the government to the need to keep the farmers in the business. But what I am pointing out is that the depressed price the farmer often does not manifest itself the same degree in the price the retail consumer pays for the product. That is the point that I am making. I wonder sometimes who picks up the subsidy ultimately, whether it manifests itself to the retail consumer or

whether it is at some other level in the processing or distribution industry.

**Hon. Mr. Henderson:** Mr. Chairman, to help the member with an answer, the concern and the reason for the subsidy are to keep the individual in business.

**Mr. J. A. Taylor:** You have said that three times.

**Hon. Mr. Henderson:** I am sorry. You realize, if the farmer did not stay in business, what the price of pork would go to down the way.

**Mr. J. A. Taylor:** I understand. You have said that now maybe four times and I understand that. But you will remember there was a commission which looked into the retailing business as well, and into what was sometimes referred to as "kickbacks" and so on. There was some interest at that time in the retail prices of some of these commodities; chicken and milk were part of that.

I was asking you whether you looked beyond the survival of the farmer in terms of this program to see whether there is an ultimate benefit as well to the retail consumer, or whether the subsidies are related only to the benefit of the farmer. But if you do not look beyond it, fine.

**Hon. Mr. Henderson:** Mr. Chairman, the consumers got the benefit through the low price for quite a long period.

**Mr. J. A. Taylor:** What I am suggesting is that maybe the price was not as low as it should have been for as long a period as it should have been when you look at what the farmer was getting for his product: in this case, for pigs. That is what I am suggesting.

**Hon. Mr. Henderson:** That opens up a whole new field that was talked about here earlier this morning, as to how far the ministry goes into the pricing; as I mentioned earlier this morning, that aspect has been referred to the Minister of Consumer and Commercial Relations.

**Mr. J. A. Taylor:** Just to clarify my own position on it, I am not suggesting, as my friend Donald MacDonald might—and I am sorry there are no Socialist members here now. In terms of eventually ending up with price controls at the retail level, I am not suggesting selective price controls in regard to certain commodities, and that is where Donald MacDonald would probably be leading—

**Mr. McGuigan:** Jim, you should read the OFA brief on this report.

**Mr. G. I. Miller:** Mr. Chairman, I just wonder if I could back up to the crop in-

insurance for a moment. I know it is 12:55 and we have discussed it, but I was wondering about the tobacco insurance: was the coverage increased this year over last? As the minister well knows, or as his predecessor well knew, a lot of people were caught with private insurance that did not give coverage. Do you have any information on that?

**Hon. Mr. Henderson:** Speaking off the cuff on it—

**Mr. G. I. Miller:** I am not speaking about the premium.

**Hon. Mr. Henderson:** You are speaking about the ones which did not have our crop insurance.

**Mr. G. I. Miller:** Did more farmers take it out?

**Hon. Mr. Henderson:** Yes.

**Mr. G. I. Miller:** The premiums were increased, though, last year to take care of the—

**Hon. Mr. Henderson:** They borrowed the money to make that payment and then the premiums are to be increased over the next five years to bring it back in—

**Mr. G. I. Miller:** Five years? Will they taper down within the five-year period?

**Hon. Mr. Henderson:** Yes, at the end of that period. Once they have paid back—unless they have another big draw as with the blue mould you were talking about—unless they run into another problem and have a big draw on it. But it is thought, since they have increased the period payments over a five-year period, that the money will be paid in. Mind you, if we have another disaster it will have to be looked at; but without that disaster, we think it will be five years.

**Mr. G. I. Miller:** What percentage of the producers will utilize it this year? Do you have those figures?

**Hon. Mr. Henderson:** Are you talking about the blue mould, or this current—

**Mr. G. I. Miller:** I am talking about the coverage. How many procedures take advantage of the crop insurance?

**Hon. Mr. Henderson:** For 1980, the current year? It is much higher. We do not have the actual percentage.

**Mr. G. I. Miller:** I guess the second question concerns a request I had last year about crop insurance for small seeds. I think, again, we did have a farmer who produces bluegrass, and who was concerned that he could not get any protection or support for loss of

that crop through the disaster relief fund because he did not live within the tornado area. He was really put in a difficult position. It was done by the rain.

**Hon. Mr. Henderson:** No. There were no crops covered by the disaster relief fund.

**Mr. G. I. Miller:** But he was requesting that it might be given coverage under crop insurance for small seeds. Has anything ever been done about that by the seed industry itself?

**Hon. Mr. Henderson:** My deputy just explains to me that when they looked at this situation they found there are so few people interested in it that the premiums would be too high and the risk too great, and they would not be likely to take it at the premium that would have to be charged. Two or three farmers would rather gamble their own—

**Mr. G. I. Miller:** I think there are more than two or three farmers around Ontario producing seed, are there not? Do you have any records on that?

**Hon. Mr. Henderson:** If they come up with a group, we will look at it.

**Mr. G. I. Miller:** They have not done that?

**Hon. Mr. Henderson:** No, but if they do, we will be very glad to look at it. What I am saying is, if there are only two or three, they have to pay a portion of the loss. It then becomes too expensive. They feel it is better to take the gamble.

**Mr. McKessock:** Mr. Chairman, I had two short questions on the sow weaner program, before you get too far away from it. The minister did not give me a date as to when the next application has to be in—

**Hon. Mr. Henderson:** We have a letter that will go out with the cheques. How would it be if I bring that to the next sitting?

**Mr. McKessock:** Also, on the next application, what about the premium? Is it paid with the application, or is it going to come off their cheques at the end of the six months the same way as you did it this time?

**Hon. Mr. Henderson:** It is all explained in this. We will bring this letter with us tomorrow night.

**Mr. Chairman,** with that reservation, before we adjourn could we carry this vote, so that we can get these cheques out?

**Mr. Chairman:** Yes.

**Mr. G. I. Miller:** Can we leave tile drainage open?

Hon. Mr. Henderson: Yes. I am not talking about tile dainage.

Item 4, including supplementary, agreed to.

Hon. Mr. Henderson: We will answer any questions on it, but it authorizes us to get the cheques out to the farmers. We have them all ready to go.

Mr. G. I. Miller: But you will give the opposition some credit when you send these cheques. Give us some credit for supporting that. Do not take all the credit for it.

Mr. Chairman: Item 5 will be discussed at the next meeting.

The committee adjourned at 1:02 p.m.

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No. R-51

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food

**Fourth Session, 31st Parliament**

Thursday, November 27, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, NOVEMBER 27, 1980

The committee met at 8:01 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

**Mr. Chairman:** All groups are now represented.

**Hon. Mr. Henderson:** Before we go to vote 1902, item 5, Mr. Chairman, you will remember last night I assured the honourable members I would have a letter with information on hog stabilization, just in case there are any questions.

The previous five-year average price, April 1975 to March 1980, the market price of hogs averaged \$64.74 per hundredweight; the previous five-year average cash costs, April 1975 to March 1980, \$34.84; ninety per cent of five-year average price, \$58.27; ninety-five per cent of the past five-year average price, which is that portion we covered, \$61.50; average price, April 1980 to September 1980, \$56.94; average cash costs of production, April 1980 to September 1980, \$42.17; current cash costs minus previous five-year average, \$7.33; ninety per cent stabilization support price, \$65.60; ninety-five per cent stabilization support price, \$68.83; maximum Ontario payout, \$3.23 per hundredweight. The average price was below the 90 per cent level so Ontario payout is the full five per cent or \$3.23 per hundredweight.

How the final amount is calculated is: 3.23 times 1.675 average carcass weight times eight piglets to a litter equals \$43.28 with 20 per cent adjustment for gilts, making \$51.94, so that the farmers received \$51.94 per sow for a maximum of 100 sows. I have those figures here. Who wants to hand them out? I would be very glad to attempt to answer any questions on this before we go to the next item.

**Mr. Chairman:** Are there any questions on this payout calculation of hog marketing prices?

**Mr. Wildman:** Mr. Chairman, I want to raise some questions with regard to agricul-

ture and what is being done by the ministry to promote the development of agriculture and protect the agricultural community in northern Ontario. Frankly, I am alarmed at the figures I have before me about the loss of agricultural land in four of the districts to the north: Cochrane, Timiskaming, Sudbury and Algoma.

Between 1961 and 1976, the figures I have indicate that over 54,000 acres of agricultural land went out of production in the Algoma district, about 64,500 acres of agricultural land in Sudbury and over 65,000 acres of agricultural land in Cochrane. The only one of those four districts where there has been not as serious a decline is Timiskaming, where the loss of agricultural land in that 15-year period was approximately 18,000 acres.

Considering the comments made by this minister and his predecessor about the future of agriculture in northern Ontario and how agriculture can be seen as a way of the future in some of the districts in the northeast, I am very concerned about this loss of almost 203,000 acres in 15 years in these four districts. In some areas we have a loss of about 50 per cent of the agricultural land.

We all know Timiskaming is the greatest area of agricultural production in the northeast. The reason for that is obvious, the clay belt, class three and better soils located in that area, but there are up to class three soils in many of these districts and many acres of farm land in the other districts, including Timiskaming, remain unimproved. I am not talking about rough lands, rocky areas or wetlands; I am talking about potential production areas.

I briefly mentioned the other night the question of land drainage and the effect it may have on the northeast. I know we are quite a way behind other parts of the province, but there are many more producers becoming involved and interested in that program. A clearing program in the northwest, the Rainy River-Fort Frances area, has been suggested to try to bring more land into production, but the concern I have in the northeast is we have large areas of land

that were farmed at one time but have now grown up largely in poplar bush.

In some cases the land has reverted to the crown and the Ministry of Natural Resources is reforesting, which is a good thing. At least the land is being productive in those cases. But in many others, I will admit a certain amount of acreage has been taken over by hobby farmers or people using the land for recreational purposes or whatever, just as has happened in southern Ontario, and for that reason the land is not in production and it is growing up in weeds. That is a problem for farmers who are left in the area. More than that, there is a lot of land that has just been abandoned over the years since the 1930s. I agree that some of the land should not have gone into production in the first place, but a good portion of it is good land and has potential.

8:10 p.m.

I know the ministry has talked about the potential of the north, but the situation we see now, with the figures I was using and I do not think that they are unfair, is I'm finding that over a 15-year period—I do not want to get into the argument that went on between the minister and other members about whether you use one year at a time or five-year blocks or 10 years but over a 15-year period—a significant amount of land has gone out of production. Of course, in northern Ontario we have the problems farmers face across the province, as well as additional problems in terms of energy costs and transportation costs and the availability of parts and machinery, feed, seed, fertilizer and so on. The costs are all compounded.

I am interested in the expansion program, the development program for the north to see what we can do in terms of diversifying a little; not just concentrating on dairying around the main urban centres and largely on beef in the rest of the areas, but also looking to other kinds of products. I know there have been problems raised recently about eggs and the amount of egg quota that is moving out of the north to southern Ontario.

I would be interested to know if the minister could outline some of the things that the ministry is doing to try to promote the expansion of farming in northern Ontario, specifically northeastern Ontario and also to try to protect the farming that we now have and turn around this trend of farm land going out of production. In other words, what are we doing about the high cost of transportation and energy in the north? What are we doing to try to ensure that where we

do have orderly and managed marketing that quotas are not being transferred out of northern Ontario to southern Ontario because northern producers cannot compete with the price of quota and that kind of thing?

**Mr. W. Newman:** On a point of clarification, and I do not want to be difficult, you said so many acres went out of production and you mentioned so many thousands of acres unimproved land. I am not exactly sure what you mean.

**Mr. Wildman:** The figures I have really come from the ministry.

**Mr. W. Newman:** I'm not privileged to have that sheet.

**Mr. Wildman:** The figures I read were 1961 to 1976—

**Mr. W. Newman:** Those are the old figures.

**Mr. Wildman:** Yes.

**Mr. W. Newman:** Oh I see, that is fine.

**Mr. Wildman:** The total was a loss of about 203,000 acres.

**Mr. W. Newman:** Out of production, unimproved or abandoned, I do not know which.

**Mr. Wildman:** Those have gone out of production in that 15-year period. When I was talking about unimproved, I can give you different figures on those.

**Mr. J. Johnson:** Are those 200,000 out of production?

**Mr. Wildman:** That is right.

**Mr. J. Johnson:** Why?

**Mr. Wildman:** I went into that. For Algoma, Cochrane, Timiskaming and Sudbury—right now there are about 534,000 acres in farming and about 238,000 acres that could be farmed but are unimproved. I do not think I need to go into any more about the cost we have and the transportation and energy costs—

**Mr. J. Johnson:** What do you mean "unimproved"?

**Mr. Wildman:** Those acres potentially could be farmed but are not being farmed. Have not been cleared or—

**Mr. J. Johnson:** So it is just a matter of clearing them?

**Mr. Wildman:** In those cases. There are two different sets of figures. One set was 203,000 acres that have gone out of production. In those four districts there are approximately 534,000 acres in farming and an additional 283,000 potential farm acres that have not been improved. So you have

potential for expansion. I agree with the minister and his predecessor who say there is a potential for expansion in farming in northern Ontario.

**Mr. J. Johnson:** What do you mean "not improved"?

**Mr. Wildman:** Well, it is bush land. It could be cleared and it could be used for farming.

**Mr. J. Johnson:** It is a matter of clearing the land?

**Mr. Wildman:** Not in all cases, in some cases drainage is important and so on.

**Mr. J. Johnson:** There is something we can do—

**Mr. Wildman:** Yes, and that is what I am asking. What are we doing?

**Hon. Mr. Henderson:** Do you want me to respond now?

**Mr. Wildman:** Yes.

**Hon. Mr. Henderson:** Mr. Chairman, I spent a great deal of this past summer in the north, as the honourable member is well aware, and I was in his riding twice. Of course, members should know I am going into his riding this Saturday for a very important nomination meeting.

**Mr. MacDonald:** Wasting time. Come into York South too.

**Hon. Mr. Henderson:** I am certainly looking forward to that opportunity. There is something buzzing in my ear here, I do not know what it is. There is a bug in it. The member brings out some important points.

I think the member is equally aware, as I am, of what really happened to this land. In order to put the record straight, it should be known that in the 1950s and 1960s the farm prices were just not high enough. These people could not make a living from this land. They went to work in a northern centre and sometimes the land was sold for the taxes and sometimes an American tourist came along, but it grew up in scrub-poplar or willow—and was of no value to anybody.

The group here should also be aware that a few years ago—I do not know how long ago—the Minister of Northern Affairs (Mr. Bernier) and the Minister of Agriculture and Food got together. Certain programs were put together as demonstrations. I am not sure whether any of these programs are in this particular riding, but in the Rainy River area, for instance, there is a farmer by the name of Telford Advent who to get together a beef operation took a grant from the government. During one of my visits there a year ago Thanksgiving, I spoke to a feder-

ation of agriculture meeting in Emo in the Rainy River district on a Saturday evening. The next morning I had breakfast and spent about two hours with the federation. They made me aware of another project that we put several thousand dollars into where we went in with a bulldozer and the farmer bulldozed out the scrub. He then went in and he tilled the 400 acres. The next summer he grew a crop of 85 bushels of barley per acre. That is no mean crop any place in Ontario.

Some of us know where there are 100 to 110 or 115 bushels per acre but 85 bushels per acre of barley is considered a pretty profitable crop wherever you may be. It was during those 1950s and 1960s that this land just grew up wild. The problem is the farmers there are not making enough money to go out and clear the land and tile it properly even with their unlimited tile loans. They are scared to risk the capital. Quite a few of them have their 100 acres paid for and they have a side job in town. Some of them might have 10 cows.

The member and I met the farmers up there back when I opened the Bruce Mines Fair. This morning when I was questioned on this at the Ontario Federation of Agriculture meeting I pointed out that members of the resource policy field of cabinet met with the federal Minister of Regional Economic Expansion, Mr. De Bane, who is in charge of the northern development department of regional economic expansion agreement. I believe the figure of \$17 million is being negotiated with the federal government. In June they told us that within a few weeks they would agree to add two more counties in the east and bring it up to the area of Peterborough as part of that agreement. Of the \$17 million, \$5 million was going to be devoted to agriculture. The Minister of Northern Affairs and I have gotten together many times.

8:20 p.m.

I was pretty surprised I'll admit it, Mr. Chairman, on a visit I took three days in early August. I spent one day in the Timiskaming area, a good farm area.

I flew that night to Timmins, where I stayed overnight. I went on to Cochrane the next day, to find a parcel of about 40,000 acres down between two river basins, some of the choicest farm land in Ontario. I found a farmer there with three sons and 100 dairy cows. First he had an upright silo, then he went to a pit silo and then he had one of our blue silos. They had some 1,200 acres of land, and it was one of the nicest and most



economic farm operations you would find anywhere in Ontario.

During the day I ended up at another farm. I believe the owner's name was Harkness. He had 50 acres of land. He had 15 acres of the choicest strawberries I have ever seen. If memory serves me it was July 20. He had not picked the berries at that time. The following Saturday after I was there he was going to let the pickers come. They get there at five o'clock in the morning, and up to 300 people come to pick strawberries on that 15 acres.

On top of that, he had 35 acres of potatoes. But that is what you will see anywhere in Ontario. Here on a little pocket of soil that had been reclaimed just after the turn of the century, there were many other very efficient farm operations. They were producing their milk and beef mainly from barley and grass. It was not as productive as the land we know in southern Ontario. But the farmer could get into this affair cheaper.

What the Minister of Northern Affairs and I have in mind to do if we can—I should go on to say that I pointed out the \$17 million, but it might be \$17.5 million, I am not sure; \$5 million of it was to go to agriculture. It is our hope that we can come up with another program similar to what was there before, to encourage the farmers to go in, clear the land, farm it and bring it back into production.

I should add that when we went to the meeting over at the Sutton Place Hotel that morning last June, we took the agreement with us. We did not want it to be said we were not ready to sign. We had ours ready and were told that in a few weeks it would be ready.

Two weeks ago yesterday, I believe, René Brunelle and two other ministers went to Ottawa again. There were enough there to sign the agreement. Again, we were told it would be a few weeks. So that is really our holdup. We are ready to spend money. We believe there is great development.

I would just add that yes, you were right, during the 1960s and early part of the 1970s this land went back to the wild, if I might use that word. But during the past two years from 1978 until now, we believe about 12,000 to 15,000 acres have been brought back into production. The prices have increased.

**Mr. Wildman:** I think that is correct. For one thing, with the beef prices so low earlier—

**Hon. Mr. Henderson:** Yes. It was the price, it was an economic condition. But we really believe it is going to come back. If we can get another \$5 million to \$10 million in that, it sure will come back.

**Mr. Wildman:** The information I have in regard to the DREE agreement—there are different messages coming out of Ottawa, but there is a possibility it may not be finalized for three to four months. Is that right or wrong?

**Mr. McKessock:** It was in two weeks.

**Hon. Mr. Henderson:** Listen, two weeks was yesterday. What do we go by? In June, they told us a few weeks. I don't know. We are ready to sign.

**Mr. Wildman:** The other specific thing I asked, and perhaps it might not be in order to ask it here, but was in regard to quota. The egg quota is one of great controversy in the Cochrane North area, the Hearst area and so on. The producers in the north, the few that are left, cannot seem to compete in purchasing quota when there is a producer who is going out of production and wants to sell quota. A lot of it is being transferred to southern Ontario.

I understand there have been hearings. The marketing board has looked at it and has ruled, and I understand that its rulings have now been appealed. What is happening with that?

**Hon. Mr. Henderson:** This could be quite a long debate. There was concern that an individual who had a quota to sell in the north—I do not want to go into full detail but he had rented it and it is now in a limbo position. The individual is not able to clear himself. I gave him an extension until January. The appeal tribunal has ruled that the quota must be for sale in the north.

I criticized them personally for not putting a period on it, because you might be the farmer with it for sale, and you might not have a buyer in the north. The north has problems with climatic conditions that the south does not have. I did give some verbal criticism on this. I said there should be a period, to be fair to the seller. I do not care what the period is. But at the moment, the quota remains for sale in the north. It cannot be brought to the south.

**Mr. Wildman:** Is that under appeal?

**Hon. Mr. Henderson:** That was the appeal but I think it is still under appeal.

**Mr. Wildman:** Yes, I believe it is.

**Hon. Mr. Henderson:** It is still under consideration. For the moment, those are the rules.

**Mr. Wildman:** I understand what the minister is saying, but there is a serious concern among many people in the north that if the quota continues to go out of the north you

may indeed have a situation in which the industry may disappear and you may be importing all of your eggs.

**Hon. Mr. Henderson:** So the other members will realize what the real genuine problem is, the transportation costs of feed, in that they do not grow all of the ingredients, and the freight costs are more. Also, they have to build their housing with that much more insulation and what have you, because of the climatic conditions.

**Mr. Wildman:** The energy costs are higher.

**Hon. Mr. Henderson:** The energy costs are higher.

**Mr. Chairman:** It is a lot for safety, too.

**Hon. Mr. Henderson:** Yes.

**Mr. Chairman:** A longer period, for safety.

**Hon. Mr. Henderson:** That ties into energy, Mr. Chairman. The first thing is, I am not sure there is enough profit in the eggs for the farmers there to produce. I will be really honest. They have a difficult time competing. It is that serious. People criticize the price of eggs, but I am going to tell you there is not enough profit in it for them.

**Mr. Wildman:** I am interested in the minister's position. I appreciate it. I am glad he is being as forthright as he is. I raised this during the Ministry of Northern Affairs estimates, with the Minister of Northern Affairs, on the question of import replacement, basically, for northern communities; that is, the possibility of producing more of our foodstuffs in the north rather than bringing them in from southern Ontario—in this case I am not talking about imports necessarily from outside of the province—because of the transportation costs and so on.

The response of the Minister of Northern Affairs was apparently to get in touch with one of his northern affairs officers up in, I guess, the New Liskeard area, to get him to obtain some greenhouse tomatoes for me and have them brought down to Queen's Park. The next thing I know, he sends me a box of 20 pounds of tomatoes across the border to prove that we can indeed produce tomatoes in the north. I think he missed the point.

**Mr. W. Newman:** You didn't share them.

**Mr. Wildman:** Yes, they were very good.

**Mr. W. Newman:** You didn't share them.

**Mr. Wildman:** Oh, I gave some to Leo as a matter of fact. The point is that they were very good. The point is we can produce.

There is the possibility of a greenhouse industry up there.

**Hon. Mr. Henderson:** I was going to mention that. But you are pretty aware of that, I think.

**Mr. Wildman:** We have the potential there and, with the assistance, we could be producing more in northern Ontario rather than having to bring it all from the south to the north.

8:30 p.m.

**Hon. Mr. Henderson:** Mr. Chairman, I think the member should also be aware that the levy by the egg marketing board is one cent a dozen less on the producers in the north. They had to give them that advantage. But I still have reservations personally as to whether they can compete.

**Mr. Lane:** The only way is they have to work harder and get on to something else, Mr. Minister.

**Hon. Mr. Henderson:** We have to be honest—it is difficult. They have barriers the south does not have.

**Mr. Wildman:** I know you agree that we have a great potential and there is the possibility of more production. I will not prolong this, Mr. Chairman, except to say that I hope the minister enjoys his stay in Algoma—in God's country—but I hope he does not enjoy it too much.

**Hon. Mr. Henderson:** When I go there Saturday, it is with great hopes for the future.

Mr. Chairman, while we are on that, I think the record should show the progress made by the farmers in the north. I think of the Timiskaming area and the progress that has been made by those farmers, for the amount of milk they produce and the improvement in the land. Both Mr. Eaton and Mr. McNeil can tell you of us going in there in 1973. We left there one afternoon in November. A farmer had the best crop of oats he ever had but due to the climate conditions and the wet gutter he did not harvest them. That same farmer tells me he now has 800 acres of land tiled and is growing the best crops equal to any place in southern Ontario. Mr. Eaton will tell you that a man who lives not more than 10 miles from him by the name of Carruthers has sold his farm in Middlesex county. His son has moved up there and he is improving land—

**Mr. Eaton:** They have not sold all their property in Middlesex county.

**Mr. Wildman:** Again, I will not prolong it but I agree that one of the main things is tile

drainage and if we can encourage more tile drainage in the north or east—

**Hon. Mr. Henderson:** Mr. Johnson would agree with you. He does not have enough tile drainage yet.

**Mr. Eaton:** Who does?

**Mr. J. Johnson:** Mr. Chairman, I would like to congratulate Bud Wildman for his presentation on behalf of the north. I really do believe that once in a while we need an extra crop for certain areas and I think Bud is certainly representing his farmers.

**Mr. W. Newman:** Strike that from the record!

**Mr. McKessock:** I represent the farmers for Grey county and part of Wellington and part of Dufferin. Under the next item, other assistance to primary food production, I have a few things I would like to bring up but before we get into them I have had a little chance now to look over this sow-weaner sheet the minister gave us a minute ago. Could he explain that \$3.46 or one fifth of the farmer's share has been deducted—that last line on the page?

**Hon. Mr. Henderson:** Yes. Mr. Chairman, I explained last night that the province puts in two thirds. One third of the overall comes from the farmer. We do not call it a premium, but we collect from the farmer over a five-year period. So the actual amount we kept off the cheque was \$1.15 or one year's cost. If you work it out, it is \$1.15 or one fifth. The other four fifths would be collected once the price comes back each year over a five-year period.

**Mr. McKessock:** Are you saying that this year a third of the \$51.94 is owing, which would be \$17.30, but you are only going to collect this year \$3.46? Is that right.

**Hon. Mr. Henderson:** We are going to collect one fifth of the third this year—one fifth of the third or one fifteenth of the whole.

**Mr. McKessock:** That would be one fifth of the \$17.30?

**Hon. Mr. Henderson:** Yes, one-fifth of the \$17.30 or one fifteenth of the total, same thing.

**Mr. McKessock:** That will mean the next six months the premium is going to be higher. Is that a fact?

**Hon. Mr. Henderson:** No. It would depend on what the payout might be.

**Mr. McKessock:** I see. So if there is no payout in the next four years then this \$17.30 will be made up over the next four years?

**Hon. Mr. Henderson:** That is right. It will depend on what we may have to pay out. If we do not have to pay out anything, it should stay at the figure.

**Mr. Eaton:** If you do not pay out, you are expecting producers to pay in somehow?

**Hon. Mr. Henderson:** They have to pay in the spring, for the next—

**Mr. Eaton:** To stay in. How many are you expecting to stay in out of the ones that—

**Hon. Mr. Henderson:** The hog marketing board has agreed to collect it.

**Mr. Eaton:** From every producer, no matter what? There is no choice?

**Hon. Mr. Henderson:** No.

**Mr. McKessock:** The producers that have signed up now, you mean?

**Mr. Eaton:** How are they going to collect it?

**Hon. Mr. Henderson:** Right off the cheque, I presume. They have agreed to it.

**Mr. Eaton:** If I am producing weaners and selling all the weaners, I am not selling any through the hog board.

**Hon. Mr. Henderson:** There is the odd one that you have got to sell. You have about one in 10 that you have to finish off.

**Mr. Eaton:** They are going to take it out of the sows when you ship?

**Hon. Mr. Henderson:** It is going to be taken out of whatever the farmer might sell.

**Mr. Eaton:** If a fellow is strictly a weaner producer and he is not marketing market pigs, they will take it out of his sow if he ships the sow?

**Hon. Mr. Henderson:** If he is shipping sows, then it will be taken out.

**Mr. Eaton:** And they are automatically going to take it out over the next five-year period?

**Hon. Mr. Henderson:** Yes, one fifth a year.

**Mr. McKessock:** When do you intend to tell the farmers that is going to happen?

**Hon. Mr. Henderson:** They are made aware of that when they make application. It is right on their form.

**Mr. McKessock:** It is on their first application?

**Hon. Mr. Henderson:** It is on the original form of application. They are all aware of it. I am pretty sure if they read the form, it is set out quite clearly. We can get you a copy of that if you want it.

**Mr. McKessock:** Yes. I would like a copy of it.



**Hon. Mr. Henderson:** But I think they are pretty well aware of it.

On vote 1902, agricultural production program; item 5, other assistance to primary food production:

**Mr. McKessock:** I just want to go over a few things that I brought up last April in my resolution to the House which pertained to assistance to a farm community. I feel assistance is needed for the farmer today just as badly as it ever has been.

I know when I started farming back quite a number of years ago without the junior farmer loan or the farm credit, I do not know how I would have ever have got started. I know we still have the farm credit there today but the interest rates are quite expensive and I know some of us are still taking advantage of those low interest rates that we got some time ago so we really have an advantage over the young farmer starting today. I do not doubt there are still some four per cent junior farmer loans kicking around. To get a loan to start farming today, what is the farm credit—13 at least? So the young farmer today has not really got a very good chance.

His neighbours are older farmers in a lot better position having money borrowed at the cheaper interest rates. I feel we should be doing something more than we are to assist the farmer today. We have about the cheapest food in the world but it definitely is not going to stay that way for too long if we do not do more to assist agriculture, because we are losing a lot of farmers all the time. I know when one neighbour drops out another neighbour usually picks up the farm, but that is slowing a wee bit now too. That farm is being picked up by foreign buyers or somebody from the city who is not going to keep the farm going.

In the United States, they have a law down there that says they cannot charge farmers and small business more than three per cent under prime. I think that is a pretty good law to have and I think it would be a good idea if we had it here.

**Hon. Mr. Henderson:** Which state, do you know offhand?

**Mr. McKessock:** I understood it pertained to all of the United States.

**Hon. Mr. Henderson:** You are not sure. We would like to investigate this. If you have it, we would appreciate it.

**Mr. McKessock:** My understanding is it is a United States bank law.

4:40 p.m.

**Hon. Mr. Henderson:** They make up the difference, do they?

**Mr. McKessock:** I do not know who makes up the difference, but it is three per cent under prime. I think that would be a good thing to look into for small businesses and farmers. I brought up in April that Ontario should have the same competitive opportunities as other provinces throughout Canada. I think we are at quite a disadvantage in the assistance we get in Ontario compared with other provinces.

I am again going to go over these short ones from other provinces to bring to your attention at least some of the things they are getting. In New Brunswick, a new entrant who has not previously borrowed from the farm adjustment board can borrow money without any interest for two years. In the next five years, the farmer pays the provincial lending rate minus three per cent.

**Hon. Mr. Henderson:** That is still the United States.

**Mr. McKessock:** No, this is New Brunswick I am talking about.

**Hon. Mr. Henderson:** Okay.

**Mr. McKessock:** Back in April the lending rate was nine and three quarters. They could borrow for the first two years at no interest and the next five at three per cent minus the provincial lending rate, which would be three per cent under nine and three quarters; that would make it—no, it would be nine and three quarters they could borrow at. From the eighth year on, it is the provincial lending rate, which in April was twelve and three quarters.

British Columbia reimburses its farmers. It reimbursed its farmers in 1979 to a nine per cent interest rate, and this year it will be reimbursing them to a maximum of \$10,000 per farmer. That makes our maximum of \$1,600 look pretty small. Does the new program you have brought in assist farmers if they borrow over a rate of 15 per cent to a maximum of—

**Hon. Mr. Henderson:** Would you like me to read it right now? I have it here if you would like me to read it into the record:

"The program provides up to three per cent interest on operating credit that is borrowed from banks and credit unions above 12 per cent interest, to a maximum of a \$75,000 loan for the nine-month period April 1, 1980, until December 31, 1980. Funds may be borrowed for the purchase of food production items such as seeds, fertilizers, fuel, sprays, farm feeder cattle, feeder pigs, machinery repairs, purchase feeds, custom work and

hired labour. Eligible applications will have a percentage of 75 per cent or less of their assets owned"—that means if they are down to owing only 25 per cent of assets they do not qualify; it is to help the person who is deeply in debt—"while a minimum income of \$8,000 from the farm in the previous year is required. Applications will be received up to March 31"—this statement says 1980, but it is 1981. They will have from the end of the year till the end of March to make application.

The last report I had on this was a couple of weeks ago. They had only five or six applications. So you will understand the reason we have only the six, we said at the end of their borrowing period or at the end of the year. There must be only six who have had enough to pay off their loans to apply. The rest must have a continuous loan until the end of the year.

**Mr. G. I. Miller:** Where do they get applications?

**Hon. Mr. Henderson:** Applications are available through all agricultural offices.

**Mr. McKessock:** Another reason you may not have many storming to get it is because the maximum is about \$1,600. That is all they can get out of this program.

**Hon. Mr. Henderson:** Yes. There will be applications galore. Why would they not apply for \$1,600?

**Mr. McKessock:** Yes, anything over 12 per cent. It takes a bit of money to add up to that.

**Hon. Mr. Henderson:** Between 12 and 15 per cent. If they paid 14 per cent, it would be worked out on a monthly basis. In month five they pay only 14 per cent to get a two per cent subsidy that month. Someone told me that the interest rate went up almost one per cent today, from just a little over 13 to just under 14.

**Mr. McKessock:** This brings us back to the fact that maybe this program is not enough, and I am trying to compare it with what other provinces are getting. Sixteen hundred dollars per farmer looks pretty minimal when you compare it with the \$10,000 maximum of British Columbia or Manitoba.

Manitoba Agricultural Credit Corporation assists in long-term and intermediate-term loans at half a per cent above the cost of financing the province, and in April this was 12½ per cent. Young farmers have a principal rebate of four per cent a year for the first five years, up to \$10,000. Saskatchewan has loans up to \$90,000 for 15 years or six and three quarter per cent for

the first five years and eight and three quarter per cent for the balance of the loan. Nova Scotia has farm loans up to \$200,000 per farmer, ranging from six per cent interest for young farmers to eight and a half per cent for commercial operations. Also, the complete interest charges for new farmers are paid by the government for two years.

You can see these provinces may be giving their farmers the same type of assistance I feel I got back when I started, but I do not feel farmers today are getting nearly this kind of a start in Ontario. Of course, I know they are not by reading these other figures.

Alberta has loans up to \$150,000, with two per cent interest rebate. It also has a \$200,000 loan at six per cent for land purchases. I cannot begin to tell you all that Quebec is getting. I have just listed a few things here: a long-term loan up to 39½ years or \$250,000; interest rate for the first \$15,000 at two and a half per cent; eight per cent on the next \$150,000. Then, if you want to get into the feedlot business, they have capital assistance of \$100 a steer, up to 400 steers, to a maximum of \$40,000 per farmer, for beef.

What I was asking for last April in my resolution was for Ontario to come up with \$20,000 as a capital grant, to expand the \$3,000 capital grant we have had for 10 years or so to \$20,000 per farmer. Is there any indication from the ministry that this might be done in the near future?

**Hon. Mr. Henderson:** Mr. Chairman, the \$3,000 grant the honourable member is referring to was announced—I am not sure—in 1966 or 1967. It was a \$120-million program at \$10 million a year, and was supposed to run for a 12-year period. At the nine-year period the \$120 million was gone, and additional funds were put in up until—when did the 12 years end?—March 31, 1979. A new program came out at that time—I don't have it here—the farm productivity incentive program. We will get you the brochure.

8:50 p.m.

**Mr. McKessock:** I am well aware of the program. But it is still a maximum of \$3,000. If you have not used the \$3,000 of old program you can still use it for capital purchases, buildings, or what have you. It is cut down, though, from the previous year's report.

**Hon. Mr. Henderson:** In 12 years we spent \$168 million.

**Mr. McKessock:** Those big figures do not mean anything to me, nor do they to the

individual farmers; it is how much I can get out of it, whether it is going to be \$10,000 or \$20,000. When you start talking about millions, it is away out of my category and that of the farmers I have talked to back home. Total figures mean nothing; it is how much they are going to get per year, over the next five years, or whatever.

The only time they might hear big figures mentioned is when they hear that only 1.17 per cent of the provincial budget is spent on agriculture. Then, of course, they do not want to hear of those figures either; they just want to hear that they get a little more. They look at what the other provinces are getting and they see we are ninth on the list. The only one that spends less than we do is New Brunswick.

I did ask you a question, Mr. Minister. Is there any chance, or is there anything in the works, whereby we might get this capital grant program raised to a \$20,000 limit, which would be half of what the Quebec government gives in its feedlot program alone? Maybe it would help out a bit when they hear of the other interest rate programs that are up to \$10,000; but with the way the interest rate is going now, I think it would be another great idea to expand your interest program to about a \$10,000 maximum instead of the \$1,600.

**Hon. Mr. Henderson:** When I brought out the facts the other night on the DREE program, as to where Quebec gets its money, the honourable member was not interested in knowing those. But I will say to him that he will get the figures. He was at the meeting of the OFA this morning when the Treasurer (Mr. F. S. Miller) announced the portion that Ontario gets through DREE, and the amount of 44 per cent that we pay into the federal government. We will get the moneys for him that the other provinces in Canada get.

The other night I mentioned only Quebec, but the same exists with the other provinces you have named. Their rural areas get the same money under the government of Canada. That is where their subsidies are coming from.

**Mr. McKessock:** As I say, I am not interested in going over figures. We did that the other night until we were blue in the face.

**Hon. Mr. Henderson:** With all due respect, those are the figures that are causing our farmers the problem. I still argue—

**Mr. McKessock:** I do not want to argue.

**Hon. Mr. Henderson:** Just a moment. I want the record to show that a farmer

in Ontario is entitled to the same benefits from the government of Canada as the farmer in Quebec or in Manitoba; you can take the province on either side of us, I do not care which.

**Mr. McKessock:** Okay. I can tell you again, though, that our farmers do not want to hear that kind of thing.

**Hon. Mr. Henderson:** Our farmers do want to hear that. This morning you heard the man go to the microphone and say, "Next year we had better have the government of Canada here."

**Mr. McKessock:** Sure I did. Do you know what we will hear when we get the government of Canada here? It will be the same thing we heard this morning, only they will put the blame on the Ontario government.

**Hon. Mr. Henderson:** We will be there.

**Mr. McKessock:** Sure, I wish they could have them both there.

**Hon. Mr. Henderson:** All we ask for is that the farmers of Ontario be used the same as the farmers on each side of us.

**Mr. McKessock:** All that the farmers in Ontario are concerned about is the farmers in Ontario, when it boils right down to it. Who is going to give the assistance? Really, it does not matter. But they do look at what other provinces are getting and what other provincial governments are giving, and they look at the provincial government in Ontario and say, "Why not us?" They look at the percentage of the budget that is spent on agriculture in Ontario, and what percentage other provinces spend. Again they say, "Why not us?"

**Hon. Mr. Henderson:** I would like to put a couple of things on the record here. Ontario has about 26 per cent of Canada's farms. At present we get \$28 million under this one program from the government of Canada.

**Mr. G. I. Miller:** What program is it?

**Hon. Mr. Henderson:** This is the assistance program for Ontario farmers in comparison to other provinces through DREE.

**Mr. G. I. Miller:** Through the DREE program?

**Hon. Mr. Henderson:** Through a part of the DREE program, only one part of it. Newfoundland gets \$16 million; Nova Scotia, \$48 million; New Brunswick, \$35 million; Quebec, \$103 million; British Columbia, \$87 million; Ontario, \$28 million. Although we have 26 per cent, one quarter of the farmers, we get only \$28 million.



**Mr. G. I. Miller:** What is the reason we are not getting more? Have you, as the Minister of Agriculture and Food, made a pitch to them?

**Hon. Mr. Henderson:** We have made pitches to them day in and day out. I have sent the Prime Minister of Canada a telegram pointing out the deficiencies in the program of assistance to the Ontario farmer.

**Mr. McKessock:** How much did you say Ontario got?

**Hon. Mr. Henderson:** Ontario has 26 per cent of the farmers.

**Mr. McKessock:** No, no. How many dollars do we get?

**Hon. Mr. Henderson:** Wait: with 26 per cent of the farmers we get \$28 million. Newfoundland gets \$16 million.

**Mr. McKessock:** What do you do with that \$28 million?

**Hon. Mr. Henderson:** The \$28 million goes right back to the farmers.

**Mr. McKessock:** In what programs?

**Hon. Mr. Henderson:** Look at the eastern Ontario DREE programs; it is all there.

**Mr. McKessock:** Does it all go to eastern Ontario?

**Hon. Mr. Henderson:** No, 4.5 per cent goes to the north.

**Mr. McKessock:** None of it goes to southern Ontario?

**Hon. Mr. Henderson:** No.

**Mr. McKessock:** So we do not get any of that.

**Hon. Mr. Henderson:** We do not get any of it. That is what I have been saying for months. Our farmers in central and southern Ontario get no benefits at all.

**Mr. McKessock:** Does some of this go to small industry, the way it did when the DREE program—

**Hon. Mr. Henderson:** Not of that \$28 million.

**Mr. McKessock:** What about the money that goes to Quebec? Does some of it go to small industry?

**Hon. Mr. Henderson:** Yes.

**Mr. McKessock:** So it is not all going to the farmers, then?

**Hon. Mr. Henderson:** No, what I am speaking of here goes to the farmers. This goes to the farmers.

**Mr. Villeneuve:** The \$103 billion.

**Hon. Mr. Henderson:** Let us just add them up: Newfoundland gets \$16 million

and Nova Scotia gets \$48 million—that is \$64 million; New Brunswick get \$35 million—that is \$99 million; Quebec gets \$103 million—that is \$202 million; British Columbia gets \$87 million; that makes \$289 million for those provinces.

**Mr. Villeneuve:** Do Alberta and Saskatchewan get any?

**Hon. Mr. Henderson:** I do not have figures for them but, yes, they are well cared for.

**Mr. J. Johnson:** Where does this money come from?

**Hon. Mr. Henderson:** It comes from the government of Canada. We get \$28 million with 26 per cent of the farmers, while those other provinces with maybe 50 per cent get \$289 million. I do not have the figures for the prairies, but Manitoba does very well.

**Mr. MacDonald:** Are you talking exclusively about the DREE program?

**Hon. Mr. Henderson:** I am talking about the DREE money that is allocated right to agriculture.

**Mr. MacDonald:** Mr. Minister, I do not want to get into this argument, but the line of thrust you are making is fallacious. The purpose of DREE is to develop the slow-growth areas. Agriculturally, the slow-growth areas in Ontario are in eastern Ontario and in the north. There are lots of slow-growth areas in Quebec; there are lots of slow-growth areas in other provinces. This is a program designed not to go to the booming, prosperous, well-established agricultural areas, but to the slow-growth areas. So to equate the money that is coming to Ontario in terms of all Ontario farmers is to ignore the whole purpose of the program.

**Hon. Mr. Henderson:** With all due respect to the honourable member, this money is made available to all farmers of Quebec. It is not made available just to slow-growth areas.

**Mr. Wildman:** Are you attempting to get southwestern Ontario designated by DREE?

**Hon. Mr. Henderson:** I am attempting to have the farmers in all parts of Canada used the same way.

**Mr. Wildman:** That is what I am asking. Are you attempting to have southwestern Ontario designated, as are eastern Ontario and northern Ontario?

**Hon. Mr. Henderson:** It took us several months to get the east and the north designated in our program.

**Mr. McKessock:** Are Alberta farmers getting more from the federal government than Ontario farmers?

**Hon. Mr. Henderson:** I do not have those figures here.

**Mr. McKessock:** I have it here that they are getting a heck of a lot more from the Alberta government than we get from the Ontario government.

**Hon. Mr. Henderson:** They are getting a fair amount.

**Mr. J. Johnson:** Mr. Chairman, I would like to ask a question of clarification. Mr. MacDonald mentioned that the purpose of the program is to help out farmers in areas that need help. Is that what the program is for?

**Mr. Villeneuve:** That is the DREE program.

**Hon. Mr. Henderson:** That is what Ontario is doing.

**Mr. J. Johnson:** Just a minute. You made the statement that in Quebec all farmers participate in this program. Is that correct?

p.m.

**Mr. MacDonald:** I come from the province of Quebec and my family is still farming here. What you are telling me is simply not the case.

**The Vice-Chairman:** Mr. MacDonald, Mr. McKessock has the floor.

**Mr. MacDonald:** I am just trying to help him correct a misrepresentation.

**The Vice-Chairman:** He is doing quite well by himself, thank you.

**Hon. Mr. Henderson:** I would love to take full session on this. The west also has another \$100 million fund from the federal government, a redevelopment fund not mentioned in this.

**Mr. McKessock:** I am not really interested in you bringing your problems to us.

**Hon. Mr. Henderson:** It is not our problem, it is the problem of—

**Mr. McKessock:** Yes, it is. It is your problem as the government to negotiate with the federal government.

**Hon. Mr. Henderson:** No, no, the problem is with the government of Canada depriving the farmers of Ontario.

**Mr. McKessock:** As far as I am concerned, it is your problem to negotiate. All I am saying—

**Hon. Mr. Henderson:** You mean you don't want the farmers of Ontario to have the same opportunities as the other farmers in Canada?

**Mr. McKessock:** Yes, and that is your problem, your job, and that is why you are Minister of Agriculture and Food in Ontario.

**Hon. Mr. Henderson:** That is the reason we worked our heads off to get rid of that government a year ago.

**Mr. McKessock:** Evidently, to the rest of Canada it did not look that way. I would like to give you one more figure.

**Hon. Mr. Henderson:** We have asked the federal government—

**Mr. Wildman:** Mr. Chairman, I just want to congratulate the minister on his non-partisan approach to these estimates.

**Mr. McKessock:** When you get into that percentage and money business, you see that the agriculture department in Ottawa spends 16 per cent of its budget in Quebec and 54 per cent of it in Ontario. Of course, they have the research stations and so forth in Ontario.

**Hon. Mr. Henderson:** Tell us where it is spent in Ontario. I had a look at the records and saw they spend 90 per cent of it right in the Ottawa area. How about the research stations that are all over the Dominion of Canada?

**Mr. McKessock:** All right, but there is a big difference between 16 per cent and 54 per cent.

**Mr. J. Johnson:** Not necessarily, if you can explain where it is spent. Where is it spent?

**Hon. Mr. Henderson:** The Parliament Buildings are charged to the Ontario farmers.

**Mr. McKessock:** Let us get back to Ontario—

**Hon. Mr. Henderson:** Let us really get into that.

**Mr. McKessock:** No, I don't want to argue about it. It is your business to deal with the federal government. Let us talk about Ontario farmers and what the Ontario government can do for them.

**Mr. G. I. Miller:** The minister will not talk about Ontario farmers. We just lost 12,000 acres in South Cayuga—

**Mr. W. Newman:** That is not true and you know it.

**Mr. G. I. Miller:** It did so go down the drain.

**The Vice-Chairman:** We are not on the South Cayuga problem right now; we are on Mr. McKessock's question.

**Mr. Gaunt:** I am glad I arrived for tonight's show.

**Mr. McKessock:** I do not believe I got an answer to my one question.

**Mr. J. Johnson:** What was the question?

**Mr. McKessock:** The question was: Can we see in the near future a way of getting both the interest rebate program extended to come close to those of the other provinces, and our capital grant program raised from \$3,000 to somewhere around the \$20,000 mark?

**Hon. Mr. Henderson:** Mr. Chairman, the honourable member is well aware of what is available and what has been announced. He has openly admitted it. That is all that is available at this time.

**Mr. McKessock:** One further question: What steps is the minister going to take to get the portion of the Ontario budget that goes to agriculture, 1.17 per cent, raised on the next budget?

**Hon. Mr. Henderson:** I will certainly represent the farmers of Ontario, not like your party, which is worried over the government of Canada.

**Mr. McKessock:** This morning the Ontario Federation of Agriculture suggested it should be two per cent of the Ontario budget. If you do receive that extra money, which will give you about 83 per cent more, what do you intend to do with it?

**Hon. Mr. Henderson:** We will tell you at the appropriate time.

**Mr. McKessock:** I will suggest a few things. I have already suggested a couple, but I will suggest one more, just in case you happen to go into that meeting and say you do not know what you would do with it if you got it.

**Hon. Mr. Henderson:** We never go to a meeting that way.

**Mr. McKessock:** The tile drainage program is one area in which you could sink quite a bit more money.

**Hon. Mr. Henderson:** How much?

**Mr. McKessock:** I have not figured it out, but I know it is going to be quite a bit more. In fact, as to the changes you made to it last year: it would have been much better if you had just increased it so that every farmer could have been treated equally without his funds being cut back, and if you had made it available to all farmers. I know some townships are now dividing their money equally among however many applicants they have; whereas in other townships where they have a large allotment, farmers are getting three times what they are getting in some of my townships because they do not have to divide it up: their allotment has been enlarged over the years because they used more money.

Actually, I don't believe that is too fair, but that is the way you have set it up. I think you should have another look at that, these programs—

**Hon. Mr. Henderson:** The member should know that eastern and northern Ontario, again, have got up to the 75 per cent.

**Mr. McKessock:** All farmers?

**Hon. Mr. Henderson:** All farmers in northern and eastern Ontario. The honourable member should know that at the end of the 1960s we were lending about \$2 million—you might tell me it was \$1.9 million. The former minister would tell you that just when he was leaving the Ministry of Agriculture and Food he had got approval to raise the tile loan money from \$18 million to \$21 million; that is another \$3 million. Actually, it was \$23 million because he had \$20 million and he had allocated \$18 million, so he got an extra \$3 million. That was announced after I took over the ministry, but Mr. Newman was the one who arranged it.

So at the end of that fiscal year I found out the amount of money needed, and announced to the Rural Ontario Municipal Association that we would pick up all debentures they had, provided they had them in here by a certain date which I had given them. It ended up that in that fiscal year we lent out approximately \$31 million. We felt we had wiped the slate clean. We then started off this fiscal year with \$25 million, a major increase over the \$18 million of the year before.

**Mr. McKessock:** I say again, these \$25-million and \$30-million figures do not mean a thing to the farmers. What means something to them is when they turn in a \$5,000 bill and they get only \$2,000 of it paid; that is what they understand. What I am saying is that each farmer should be able to get the 75 per cent, and it should not be that some townships have to divide the money up.

**Hon. Mr. Henderson:** The farmers in western Ontario have not got the 75 per cent. What has been lent to them is what they thought they would receive.

**Mr. J. Johnson:** That is the problem, Mr. McKessock. You don't realize what \$25 million means.

**Mr. McKessock:** I know it does not mean a heck of a lot if my farmers get only \$2,000 out of a \$5,000 bill.

**Hon. Mr. Henderson:** It means quite a bit to quite a few farmers. I got a lot of thank-you's from farmers for the tile loan



**Mr. McKessock:** But I point out again, I have used the tile drainage loan myself twice in the past and I got the full amount. In fact, I started it in our township. I was the first one to use it. Today the farmers cannot get the full amount.

**Mr. J. Johnson:** What is the full amount?

**Mr. McKessock:** Seventy-five per cent of the bill. Today the farmers are not getting the same opportunity as I got when I started farming. That is the point I wanted to make.

**Mr. J. Johnson:** Mr. Chairman, I fail to understand this. I talked with the municipalities and found that the townships had the responsibility for allocating the fund. Is that incorrect?

**The Vice-Chairman:** Ask the minister the questions, please, Mr. Johnson.

**Hon. Mr. Henderson:** Mr. Johnson is quoting properly. We allocate so much money and it is up to the municipalities to allocate that to their farmers.

**Mr. J. Johnson:** Is Mr. McKessock saying that local autonomy is not a good thing?

**Mr. McKessock:** My objection is, the allotment to the municipalities is not enough. They have more applications than allotments.

9:10 p.m.

**Mr. J. Johnson:** But they do have control of the allocations.

**Mr. McKessock:** Definitely.

**Mr. W. Newman:** Why did they cut you off?

**Mr. McKessock:** They did not cut me off. I got the full 75 per cent. I am saying that years ago farmers were treated better than they are today in Ontario. Why are things changing?

**The Vice-Chairman:** Order. I want you to carry on your discussion through the chair.

**Mr. McKessock:** I want to bring up one other area here, Mr. Chairman, and that concerns the 30 per cent differential between urban and rural hydro rates in Ontario. This was another part of my resolution back in April. As you well know, the premier (Mr. Davis) took the opportunity, with the galleries full of farmers, to stand up and make an announcement that he was going to contact Hydro to take appropriate action to do away with this differential.

**Mr. J. Johnson:** And he did.

**Mr. McKessock:** Are you going to stand behind that?

**Mr. J. Johnson:** Certainly. Twenty million dollars was allocated.

**Mr. McKessock:** I am sorry, that did not do it.

**Mr. W. Newman:** But it sure brought the differential away down.

**Mr. McKessock:** Let us get into that. The first thing we heard was that rural hydro rates were going up 11.2 per cent and urban rates were going up eight per cent. After the Premier's announcement, instead of the first announcement being to reduce the differential, it was to increase the differential. Not only was their increase going to be more, but the differential was being increased at the same time.

Then the mini-budget came out and put in \$20 million. Again it depends how you want to figure that out; you can do a lot of things with figures. If you want to put that on the increase itself, it brings the 11.2 per cent down to about the eight per cent by which the urban rate was going up. It really was not changing the differential one little bit, if you want to put it on the increase; if you want to put it on the differential, that is a different thing.

I want to argue the point that there should be no differential at all between urban and rural hydro rates. It is my understanding that it was put there in the first place because of the distribution costs to the rural community. That was fair enough back in those days, but it is not fair any more. The farmers in Ontario did not need the big, expensive nuclear plants that have been built, nor did they need the high-powered, expensive power lines coming down to the city. Those costs are added into Hydro's capital costs. They should be added into the urban distribution costs; then the urban distribution costs would be much higher than the rural distribution costs.

Therefore there should be no difference at all now. If anything, it should be the other way around. The urban rate should be higher than ours. These large expenditures over the last few years for putting in the big tower lines and expropriating farms to do it should be added to the urban rate. Mr. Minister, I want to know what you are going to do to get this 30 per cent changed around so that we get a 30 per cent differential. We should not be paying 30 per cent more than the urban community.

**Mr. Gaunt:** They got this problem fixed up in Quebec, you know.

**Mr. J. Johnson:** What happened there?

**Mr. Gaunt:** It is equal.

**Mr. J. Johnson:** It is not 30 per cent in favour of the rural communities?

**Mr. Gaunt:** No, it is equal. There is no differential.

**Mr. J. Johnson:** That sounds fair.

**Mr. G. I. Miller:** You have to go to extremes to get back to centre.

**Mr. J. Johnson:** I would go for making it equal, Mr. Minister.

**Mr. McKessock:** You would go for that, John? That is good, I am glad to hear that.

**Hon. Mr. Henderson:** Mr. Chairman, the Premier has responded to this question pretty well in the House.

**Mr. McKessock:** But I would like a response from the Minister of Agriculture and Food. He is representing the rural farmers.

**Hon. Mr. Henderson:** It is no trouble. If you would like me to, I would be glad to get the Hansard and repeat what has been said.

**Mr. McKessock:** No, I want it off the top of your head, right now. What are you going to do?

**Hon. Mr. Henderson:** I would also be glad to repeat what was said at that meeting this morning by a farmer from Waterloo county who is on an equal rate in that area with the local public utilities commission. He told us all that his hydro rates were much too dear, and he wishes he were on Ontario Hydro. I am sure you heard him this morning.

**Mr. McKessock:** Yes, I heard him. That is one specific case. Let us talk about the broad spectrum of Ontario farmers.

**Mr. Wildman:** This relates to the question raised by Mr. McKessock and the answer given by the Premier in the House. At that time I asked him a specific question related to my area, to which he could not respond. I understand why he could not at the time, but I have yet to get a response.

The question is, what about the few thriving utilities we still have serving certain parts of the province? One is Great Lakes Power, which serves a significant area of Algoma district and covers a large rural area. If indeed the hydro rates were equalized across the province, what about the private utilities? Will there be any move to try to bring them under this? The Premier at that time could not respond. He was quite right in saying that they are not under direct control of the Ontario Energy Board.

It seems to me the situation we have right now in our area with Great Lakes Power is that the differential is increasing.

**Hon. Mr. Henderson:** May I just interrupt you for a minute? I did not hear your question in the House. Are you telling me that there is an area in your riding or in the north somewhere that is served by a private utility?

**Mr. Wildman:** Yes. The whole area, including Sault Ste. Marie, is served by a private utility which sells it power to the Sault Ste. Marie Public Utilities Commission. Their other major customer is Algoma Steel Corporation. But the rural area, from Bruce Mines, which you visited this year, all the way up to Wawa, is served by Great Lakes Power. The rest of the district is served by Ontario Hydro.

**Hon. Mr. Henderson:** Does Great Lakes Power collect the bills?

**Mr. Wildman:** Yes. Great Lakes Power is the supplier. It is a private company owned by Brscan. It is the local utility using hydraulic—

**Hon. Mr. Henderson:** Is it special legislation that permits this? Perhaps some of the members know. I am not a lawyer.

**Mr. Wildman:** It was incorporated back in the 1930s and has agreements with the Ministry of Natural Resources for the use of water rights. It has dams on a number of rivers and is just now building a new generating plant on the St. Marys River and St. Marys Rapids.

**Hon. Mr. Henderson:** I will try to get you the information. I missed your question in the House.

**Mr. McKessock:** I want to bring up the topic we have been talking of for several years—that is, the preservation of farm land, or the disappearance of farm land—to see what kind of commitment we are going to get from the government that we do not lose any more.

There is an article here that says: "Despite Canada's large bulk area, only 10 per cent of Canada's land is arable and only a small part of that is class one." Of course, class one means no limitations on agricultural production. "A more significant fact is that nearly half of our farmable acreage is clustered within 50 miles of the 22 largest cities, and therefore susceptible to urban sprawl."

There was an article in the Toronto Star in July of this year that stated: "The Ontario government says our natural resources will always provide social and economic benefits for all the people and will be managed in the best interests of all citizens. But the natural resources will not always be there."

are vanishing. The farm land is being crowded out and paved over by uncontrolled urban development."

When the minister was in Meaford—and this was written on November 12—he was asked a few questions. At that time, Mr. Minister, you said, as this states, "Mr. Henderson also said, 'The problem of decreasing acreage of Ontario farm land has been stemmed?'" Do you believe that? Did you say that?

**Hon. Mr. Henderson:** Yes.

**Mr. McKessock:** What makes you feel that it has been stemmed when we continue to pave it over every year, when we continue to have foreign buyers buying it and leaving it idle, and when we continue to have city people buying the land? I know that it is still there, but we are paving over a pile of it and building houses on it around these 2 cities across Canada.

12:20 p.m.

It seems to me, with our growing population and the way we are paving it over, it is just a matter of time until we are not going to be able to feed ourselves; yet you say the trend towards a decrease in the acreage of Ontario farm land has been stemmed. Can you explain that a little more?

**Hon. Mr. Henderson:** Mr. Chairman, first, I have said in several of my speeches that we have doubled production in the past three decades. I have also projected that during the next three decades we will again double production in Ontario farms. I am projecting that.

**Mr. McKessock:** In the next how many years?

**Hon. Mr. Henderson:** Same period: 30 years, three decades. By 2010, I am saying—

**Mr. McKessock:** I hope you are still here to verify that.

**Hon. Mr. Henderson:** I hope to be; I plan to do it. I am running my plans that way. Of course, I would have to say your party is trying to retire me.

**Mr. McKessock:** I would like to retire a little earlier at a good early age.

**Mr. J. Johnson:** Mr. Chairman, could I ask Mr. McKessock what he means when he says that people from the city are buying farm land?

**Mr. McKessock:** Am I supposed to be practicing as agricultural minister now?

**Mr. J. Johnson:** Are you proposing that not to buy farm land?

**Mr. McKessock:** No.

**Mr. J. Johnson:** What did you say?

**Mr. McKessock:** I brought up the point that a lot of it is being sold to foreign ownership and a lot of it to residents from the city.

**Mr. Gaunt:** Such as haberdashers from Mount Forest.

**Mr. J. Johnson:** So what are you proposing?

**Hon. Mr. Henderson:** To answer Mr. McKessock, I have made a personal survey in two different counties—I do not plan to give you the names of the counties at this moment—and I have found an increase. I have found that they have drained marginal lands and have increased the productive farm lands in the two counties by about five per cent over the past 10 years. In one county in particular, where there were 310,000 acres producing 10 years ago, there are now 325,000.

**Mr. MacDonald:** Why can you not give us the counties?

**Hon. Mr. Henderson:** I will give you that one. It is Elgin county, my parliamentary assistant's county.

**Mr. MacDonald:** What is the other one?

**Hon. Mr. Henderson:** I do not have tight enough figures to give the other one to you at this moment, but Elgin county I will put out there if you want.

**Mr. G. I. Miller:** What about Haldimand county?

**Hon. Mr. Henderson:** No, I have not done it.

**Mr. McKessock:** What percentage of the land in Ontario is class one, two, three or four farm land?

**Hon. Mr. Henderson:** I have made the statement that we have approximately 16 million acres of land in Ontario that is capable of producing agricultural products. Of that I have said we are actually farming about half of it, or about eight million acres. I went on to say that, during the past three decades, we have tiled and improved about a quarter of that and we hope to put it up to about five million over the next two decades. But again, I will just say we have about eight million acres. To classify it as one, two, three, four, five, six or seven—I do not have that.

**Mr. McKessock:** Do you know what per cent of our land in Ontario that is?

**Hon. Mr. Henderson:** I can get that. I do not know it off the top of my head.

**Mr. McKessock:** You hear the figure of five or six per cent. It is around that area, is it?

**Hon. Mr. Henderson:** About a third of southern Ontario is class one to class four



lands, which we consider capable of growing—

**Mr. MacDonald:** Mr. Chairman, the official figures from Ontario which Vern Spencer and his coterie had for four or five years ago were: Ontario class 1, 4.9; class 2, 5.7; class 3, 5; class 4, 3.1 for a total of 18.7; it was not a third, but 18.7, less than a fifth.

**Hon. Mr. Henderson:** How many million acres would you say that is, Don?

**Mr. MacDonald:** These are percentages of agricultural land: 18.7 per cent is class one to class four.

**Hon. Mr. Henderson:** That answers it.

**Mr. McKessock:** Whether our land is being covered over by cement or whether it is being bought by foreign ownership or by the haberdashers from the city, it is all helping to put the price of our farm land up. This continues to make it harder for the young farmer today or the farmer who wants to expand. No matter how you look at it, I feel it is something we should curb more strongly than the Ontario government's food land guidelines are doing.

If we continue to let things go the way they are, farm land will continue to become dearer and it will be harder and harder to get into farming or to stay in farming. It is going to look much brighter to sell your farm to foreign buyers, or whomever, and get out. What steps is the minister going to take to tighten up farm guidelines or to bring in some farm land act to preserve the remaining acres we have, no matter what or how many they are? Eventually, we are going to get hungry if we don't start saving them.

**Hon. Mr. Henderson:** Mr. Chairman, the member is well aware of the act we took through the House earlier this year, which is being proclaimed Monday. I went into this previously with the committee and pointed out that Mr. Vern Spencer is going to be in charge of that. I read into the record who his staff members would be the night before last, I believe. I do not want to go into it again.

We are going to monitor the foreign ownership. It will take three months before we have any positive returns on it but, following that, we will be monitoring it on a monthly basis. The history of some of the other provinces tells us that when farm buyers have to register it does slow down the process. We are hoping that will work here. All the assurance I can give you is that, immediately after the three months have passed, my director will be reporting to me every month on the actual sales, the actual registrations.

You would be shocked to know what individuals think would be reasonable. I have had some people tell me that five per cent would be reasonable. I disagree with that but I have even had that input from farmers.

**Mr. McKessock:** Five per cent of what?

**Hon. Mr. Henderson:** That we should permit up to five per cent foreign ownership. That is not my statement, I am just telling you what people have proposed to me. In Huron county where the real problem is at the moment, we find out it is still about one per cent. I am concerned about that. Do you have any idea what you think is a reasonable percentage that any government should permit?

**Mr. McKessock:** We have a lot of good foreign farmers in this country, if you want to call them that, who come from—

**Hon. Mr. Henderson:** Wait a minute. We are not talking about farmers here in this country. They are not foreigners. They are resident here in Canada. We are not talking about anybody who resides in Canada.

**Mr. McKessock:** That is my opinion. If they want to come over here and farm, that is dandy. But I do not believe they should come over here, buy the land and then go back home. I do not think we should have any percentage doing that.

**Mr. Wildman:** Would you do the same with mineral wealth in the north—no foreign ownership?

**Mr. McKessock:** Let us stick to farming tonight. I appreciate that you are looking into this and trying to do something about it. On the other hand, it is the expansion of our cities which is gobbling up most of it; that is never going to be recovered. With foreign ownership, at least the land is still there. You can bring in an act 10 years from now and force it into farm production if it is still not covered with cement; but that which is covered with buildings and cement you are never going to get farmed again.

9:30 p.m.

We have lots of rough land. As I say, we have only five or six per cent that is arable farm land. We have lots of rough land to put our industry and our houses on. In fact, in my area, the sooner you do this the better. I have lots of small communities looking for industry, and they are not going to get it unless you stop letting them build on this choice land around the cities.

**Hon. Mr. Henderson:** The member is pretty knowledgeable about his county, I think. There is no disagreement there. Would I

point out to me areas in his county where this great development is taking place that he is concerned about?

**Mr. McKessock:** You could not have been listening to me. I have pointed out the great development that has taken place around the large cities like Toronto. If you stop it here, we will get some development up on our rough land that is not fit for farming. That is my point. We have lots of places you can build on that cannot be farmed.

**Hon. Mr. Henderson:** It is not a problem then, I take it, in your area?

**Mr. McKessock:** It is not a problem like it is around Toronto. Toronto uses more prime agricultural land than any city in Canada.

**Hon. Mr. Henderson:** What I want to know is, are asphalt and pavement taking up good agricultural land in Grey county?

**Mr. McKessock:** A certain amount. In every county.

**Hon. Mr. Henderson:** Give me the areas you are concerned about.

**Mr. McKessock:** I am not concerned about that situation in Grey county and I never will be until you stop using arable land down here in Toronto. Once you put a policy right across Ontario whereby cities cannot use good arable land, then we will stop using it in Grey county. But we are not going to stop until the rest of Ontario has to stop too. Are we going to be the good guys and say we will not use agricultural land but we are going to let Toronto use all they want? No way.

**Hon. Mr. Henderson:** I had hopes that the member would say just what he has said. The surveys I have done in these two counties show just what the member has said, that urban development is not gobbling up that much prime land out in the real rural areas of Ontario.

**Mr. McKessock:** That is right. It is the big cities that are doing it. I have said that about six times.

**Hon. Mr. Henderson:** That is what I believed and I agree with him fully, then.

**Mr. Wildman:** What about the Niagara Peninsula?

**Hon. Mr. Henderson:** The members are all aware of what has happened in the Niagara Peninsula.

**Mr. McKessock:** My concern is, when are you going to stop it all across Ontario? The big cities are the problem. Don't worry, you are not going to run out of places to build your houses and your factories. We have all kinds of land with a good stone bottom. You

can build on it and it has a solid rock bottom, but it is awful hard to plough, I will tell you.

**Hon. Mr. Henderson:** I can well remember the Planning Act going through the House. It was not opposed by this party, and it gave that authority to the municipalities.

**Mr. McKessock:** What was that?

**Hon. Mr. Henderson:** I can well remember the Planning Act going through the House and it was not opposed by your party; it gave the municipalities the authority over the controls you are asking to have put on.

**Mr. McKessock:** I think we are talking about needing a whole new act.

**Hon. Mr. Henderson:** No, we are not. The Planning Act is out there giving the municipalities the authority. I will bet you there are days when you criticize it. I do.

**Mr. McKessock:** Okay, then. If you are going to look at it that way, why don't you give the municipalities the authority to do what they like with the Niagara Escarpment instead of coming in with an act saying what they have to do with it?

**Mr. Wildman:** Come on, Bob. You cannot talk on both sides of the issue.

**Mr. McKessock:** He is saying that the municipalities should be allowed to do what they like with farm land, but they bring an act out saying the municipalities cannot do what they like with the Niagara Escarpment.

**Hon. Mr. Henderson:** The resource policy field committee of cabinet went out to the Niagara Escarpment—when was it, three or four years ago, Bill?

**Mr. W. Newman:** Yes.

**Hon. Mr. Henderson:** —and decided then where the lines should be drawn, and that decision still stands.

**Mr. McKessock:** You are getting off the track.

**Hon. Mr. Henderson:** No, we are not.

**Mr. McKessock:** You said the Niagara Escarpment is a provincial resource and there should be an act to control it. Why don't you say that farm land is a provincial resource and there should be an act to control it? Is it not more important than the Niagara Escarpment?

**Hon. Mr. Henderson:** I just said that the Planning Act went through the Legislature. I do not remember Mr. McKessock's party opposing it. I was there. I do not remember them opposing it. It gave the authority to the municipalities that the member is wanting the provincial government to give them. We believe in local autonomy.

**Mr. McKessock:** Why did you have to bring in the Niagara Escarpment Act? Why did you not let it be controlled under the Planning Act?

**Hon. Mr. Henderson:** Maybe the municipalities will get that chance.

**Mr. McKessock:** I hope so, and we have been fighting for about seven years for it.

**Hon. Mr. Henderson:** No, no.

**Mr. McKessock:** I am glad to hear you say that.

**Hon. Mr. Henderson:** That is no promise. I am just saying that—

**Mr. MacDonald:** You are going to lose what you have already won.

**Mr. McKessock:** Let us face it, which is the most important I am not going to lose it in seeking protection for farm land.

**Mr. MacDonald:** Both.

**Mr. Wildman:** Both.

**Mr. McKessock:** Yes, but you have to put first things first.

**Mr. MacDonald:** If I have got protection of the escarpment I am not going to lose it in seeking protection for farm land.

**Mr. McKessock:** I have been saying that if we do not do something to protect the farm land, some day we are going to starve to death while we watch the beautiful escarpment, because that is all we are going to have left.

On the Canfarm business for a minute, you mentioned in the House today that Ontario would do its share of helping to restore this program. Do you mean by that—I think you said Ontario had about half the farmers in the program, so that on a per capita—

**Hon. Mr. Henderson:** That is my understanding.

**Mr. McKessock:** On a farmer per capita basis then, Ontario would come up with about half of the assistance. Is that what you had in mind?

**Hon. Mr. Henderson:** What I really said in the House was that, about four years ago, the government of Canada notified Canfarm that they would not be supporting them beyond such and such a date. I believe that date was about a year ago. What I said in the House today was that, towards the end of the last fiscal year, about the time Peter Hannam had retired or following his retirement as the president of the Ontario Federation of Agriculture, we found out he was taking over Canfarm. He came to me and gave me a presentation on what his hopes were. We

agreed with Peter Hannam, and for that reason Ontario gave \$150,000 to Canfarm.

Now I find out that Canfarm needs millions, not hundreds of thousands, to continue. What I really said in the House today was, if the other provinces are ready to contribute something, we will certainly take it into consideration. We recognize that quite a number of our farmers are making use of it. We believe it is a good service. But again, we are still warned that there is private enterprise out there trying to do a similar service. I ask you, how long do you carry something like this?

**Mr. McKessock:** My understanding is that there are a lot of things that could be cut down in this program, since it has been taken over by a new board.

**Hon. Mr. Henderson:** I really believe Peter Hannam has the capabilities of doing that too; I will be honest with you.

**Mr. McKessock:** If they revise it and feel they can bring it into an economical position, if they get the funding needed to get it rolling; anyway, I am pleased you have made a commitment there that you will give assistance if the other provinces join in.

Just to wind up here, in case you are wondering why I am so concerned about agriculture in Ontario and especially in Grey, Bruce, Wellington and Dufferin, I want to read one little article which appeared in a local newspaper:

“Agriculture Creates Spinoff Industries to Boost Area Economy.

“Which industry employs more workers, produces the most goods and has the single biggest effect on the economy of Grey and Bruce counties? If you thought it was industries like Bruce Nuclear Power Development, you’re wrong. It’s agriculture.

“Hamlets, villages and towns in the two counties are based on it and any ups and downs in this economy affect their well-being. Combined, the two counties produce goods totalling between \$250 million and \$300 million. But the real boost is immeasurable in that it creates spinoff industries whose value of production just can’t be measured in the agricultural scene.

“Mac Bolton, agricultural representative for Bruce, puts it another way: ‘For every one farmer, there are 10 others who derive earnings from agriculture either through processing or through services and supplies.’ Bolton called it the multiplier effect of 10 to one and it is a very real economic fact of life. He pointed to such businesses as agriculture truck and tractor dealerships.

9:40 p.m.



"In Bruce County, the beef capital of Ontario, transportation is a big industry based on shipping livestock, he said, 'As agriculture goes, so goes the other 10 people,' he said.

"Looking at the agricultural makeup of both areas, it's easy to see why both Bruce and Grey are referred to as the twin counties. Grey has an area of 1,112,960 acres while Bruce is almost the same size at 1,000,320. Here the similarity ends as you get into the types of agricultural enterprises that are carried out.

"The fortunes of Bruce are tied up in the beef industry and agricultural statistics for Ontario 1978 put out by the Ontario Ministry of Agriculture and Food bear this out. The estimates for the sale of slaughter cattle is the biggest single value of goods produced there, totalling \$71 million. For the sale of stocker cattle, the total is around \$56 million. Total both facets of the beef industry there and you get a figure well over \$100 million in agricultural production.

"Bolton estimated total crop production reaches \$45 million and 10 per cent of this is cash crop. Beef prices are high now so cattlemen there are experiencing more prosperity and are recouping some of the losses they suffered four years ago when the beef cycle was at its lowest. In all, the value of agriculture in the county is estimated at around \$173 million.

"In Grey, agriculture is not based so heavily on just one industry. Grant Sweiger, agricultural representative, said there is a greater cross section with a lot of cow-calf operators, sheep raising and the growing of hay. Grey has the highest production of hay (178,000 acres) in the province and is also known as the sheep capital of Ontario. 'Also remember, this is the largest apple growing area in Ontario. That's a cash crop,' he pointed out.

"The total value of cattle production in Grey for both beef and dairy is estimated at around \$70 million. Sheep brought in about \$1 million in 1978 and estimates of apple production put that industry at between \$4.5 million and \$5 million annually. In total, the gross farm value in Grey totals around \$100 million.

"Both men agreed that the single biggest factor that will affect agriculture in the next six months is the high interest rates on borrowing money." That is still in effect, and getting worse.

"Bolton pointed out there is \$70 annual interest charge on every head of cattle where money was borrowed to buy it. Grant said

the higher interest rates will also result again in higher costs of production at the farm gate."

Those are some of the things that concern me on agriculture. I think I have pointed out a few things to the minister that I hope he will take into consideration in the next year when the budget comes up next spring.

**Hon. Mr. Henderson:** Mr. Chairman, I would have to agree. The honourable member agrees with those estimates put out by our agricultural representative. We agree fully with that. It is almost as much as one of the maritime provinces put out—one of our counties. I don't know whether the member realized that.

**Mr. McKessock:** It is quite a contribution. The spinoff from agriculture, not only in Grey and Bruce but in all Ontario, is tremendous. This is why I would like to see a greater emphasis put on the industry, so that it will have a great economic effect on the whole province.

**Hon. Mr. Henderson:** Any time the member would like to quote me, he can say that less than five per cent of the labour force of Ontario is involved in farming. But the spin-off takes one of every five, or 20 per cent. He can quote me on that any time he wants to.

**Mr. Villeneuve:** Mr. Chairman, Mr. Minister, it is quite interesting to hear these arguments; but basically, I think we have to go back to the equalization payments of Canada. There is \$3,118,000,000 paid out to seven of the provinces. Ontario contributes 44 per cent of that. That is somewhere in the vicinity of \$1,370,000,000. You figure that our total budget is in the neighbourhood of \$17 billion. That is somewhere between 7.5 per cent and eight per cent which we contribute because we happen to be a prosperous province. Without taking credit for being a Conservative, a member of the government, I just wanted to let you know the facts.

We have problems in this country today, let us face it. British Columbia and Alberta contribute the other 56 per cent. Now, there is a money grab and anybody knows—we have all accepted the fact that we all like pensions being paid, particularly we senior people. The national government has to contribute towards that. It does so; it has taken that responsibility. We have to have revenues. We know that. Nobody is arguing that.

But primarily, this is part of the problem we are having in this country. The province of Quebec—and I can say this because they are my native people. If most of my fellow Conservatives were to say that, you would say "You are narrow minded; you are bigoted

if you mention Quebec." The fact is, of that \$3,118,000,000, under the equalization payments Quebec gets \$1,574,000,000; in other words, 7.5 per cent of the total budget of Ontario.

If you were to extend that to farming here, everybody would be prosperous. Now I realize we are in a favourable position geographically, and we have to put up with that.

**Mr. McKessock:** My farmers really like those billion and million figures.

**Mr. Villeneuve:** They may like it, but these are facts. You are a taxpayer and so am I. That money comes out of our pockets. This is what means something.

**Mr. MacDonald:** He does not like it.

**Mr. Villeneuve:** No, this is the truth. These are the figures and I can back them up.

**The Vice-Chairman:** Mr. Villeneuve has waited a long time, so give him the floor.

**Mr. Villeneuve:** Mr. Minister, I want to give you credit, because not too many have. I want to tell you that a friend in need is a friend indeed.

You came to the rescue of our open ditch drainage program. For 60 drains in my constituency alone it amounted to \$838,000, and the farmers at that time had to go to banks and pay 17.5 per cent and 18 per cent interest; you rescued them by paying the third that the federal government reneged on. I want to let you know they appreciate it. You need not take my word for it. You saw 200 of them give you a standing ovation, and your parliamentary assistant was with you.

When money comes when you need it badly, you appreciate it. I certainly do appreciate that. I like to be fair.

**Mr. McKessock:** You waited until now to tell him that, Osie?

**Mr. Villeneuve:** No, I told him long ago. I bothered him an awful lot to get him to come down there, I don't mind telling you. I know that there were three farmers ready to go belly-up if they did not get the assistance. They had assessments of \$11,000 to \$13,000, and every one of them had over \$100,000 in mortgages on his farm.

I am just as human as you are, and we tried to help them out. I like to be fair, but I found fault even with the Ontario Milk Marketing Board. I am not saying it has not done a wonderful service. We need it. But I say again in the past we were hoodwinked. At one time, less than 15 years ago, we produced around 47 per cent of the industrial milk in Canada. We are down somewhere now to in the neighbourhood of 32 per cent.

You are right. Quebec has replaced it. It has just reversed the position. I have been harping on this.

9:50 p.m.

The largest processing plant in Canada is in my riding at Winchester. I called the manager today for some figures because I know what is going on. They received 499,000 pounds yesterday morning of milk produced in Ontario. They received 134,000 pounds from Plaisance, Quebec, which is north and east of Ottawa and, as the bird flies, would be approximately 85 miles straight north of Cornwall, if you are familiar with the geography. The other 340,000 pounds came from the district of Quebec City, 300 miles at least to that plant and return. I am not talking about reciprocal arrangements; do not get me wrong. They need this milk. They have a five million pound butter order from one chain store, but they cannot supply another five million pound order which they could get from another chain store, to be sold in Ontario, right in Toronto, because they do not have the milk.

I harped upon the system when this penalty for not having a quota of industrialized milk was inaugurated. It was \$7.50 and now it is \$8 or \$8.50 per hundredweight. I am not going by litres because I do not understand them too well.

**Hon. Mr. Henderson:** It is too late at night.

**Mr. Villeneuve:** It may be. In any case, it was netting farmers in the neighbourhood of \$2.65 a hundredweight when that penalty was imposed and the traffick charges. Today the price is a little bit different. They are getting in the neighbourhood of \$15, which would net them somewhere between \$4.50 and \$5. But today when an industry is in a healthy position the cattle that produce the milk go up in value. Any farmer who has a good herd today can get \$1,800 to \$2,000 for a normal commercial cow. He is not going to milk that cow for \$4.50 a hundredweight in winter months when factories are crying for milk and hauling it from 300 miles away. He has no quota.

They are young farmers, as you stated. They are carrying heavy mortgages. They are getting by, but having a hard time to scratch by. They just feel they cannot go out and pay the price offered on the market for quota. It is just out of their reach. It is a system that is fair. If you have the money, there is no problem; if you have not, you are out of luck.

They are not begging or asking for hand-outs, but some system should be worked out.

by which these people have an opportunity to buy in if they produce more milk. Some arrangement should be made at a reasonable rate of interest so that they can get a quota to conform with a sound operation. As it is right now, they are not able to do it. This situation has gone on year after year and it is getting worse. For example, 48 per cent of the milk that went into that plant yesterday had to come from Quebec. They still cannot supply the orders.

These are some things that the farmers come to me about. I live right beside it. I am not harping about Quebec because 135 of my farmers—the best established farmers—have had a milk market in Montreal for 65 years, for three generations, and it is the best market available. But they are fortunate, well-established farmers. There are another 65 or 70 close to the border who naturally go to industrial plants there. They are registered Quebec producers. That is quite all right. They are satisfied with that.

I do know that when the penalties were added up here last year it was in the neighbourhood of \$7.5 million which was kept from the farmer producers here but which was given back to them in the fall because they found out we did not meet our production quota in general. But they have to meet payments in January, February and March in any part of the country and have to hand-feed. It is the most costly period of time to produce milk; yet they get a small amount, less than one third of the real value of it. That is not the time that farmers should be deprived of money that they need.

The result today is that these people are fearful when they get near their quota and the price comes out that they are selling off these cows to the producers in Quebec who have ready buyers at \$1,800 to \$2,000, rather than taking the chance of being punished in case they do not get back the money. That is the system that exists. Somewhere, you, as the Minister of Agriculture and Food, have to sit down with the Canadian Dairy Commission and resolve this. This is not a market we are looking for outside of our own province. It is a market where we can sell the product right here. Why should these people not be given an opportunity to produce?

There is much more I could say as far as federal agricultural grants under DREE go. I make a comparison because I live with it. I have to defend what we are doing. But in Quebec—this is from 1974 to 1978—there were 4,000 farmers registered. They received \$22,600,000 in DREE grants from the federal government or \$328 on an average. Ontario, where there

are 74,000 census farmers, received \$469 per farmer.

**Mr. MacDonald:** Most of them are not eligible for DREE.

**Mr. Villeneuve:** That may be. I am not arguing that. Wait until I can come to my story. Under the renewal of the DREE program in Ontario I will come to drainage and what it means to the 12 counties in eastern Ontario I am speaking for. We could not come to an agreement with the former Liberal government because it did not want any part of the South National River basin drainage. That is very important because it is filling with silt in places which has to be removed. In order for open ditch drainage and tile drainage to function properly you have to have proper openings. There has to be control of dams in case of dry weather in order to hold a sufficient water supply back. They did not go for that. We asked for \$55 million. We could not do anything. When the Clark government came in last year, we did come to an agreement. Fortunately, the contract was agreed to and it passed. The Treasurer (Mr. F. S. Miller) went to Kemptonville to sign the document on December 20 along with Elmer MacKay who was the minister with the federal government. They arranged that because both governments were in session and in a minority position. The PC government was defeated on December 17. Nevertheless, it had been passed by order in council and was law. We received it.

The drains I am speaking of were carried out under ARDA. These farmers and townships made application here. They received the okay through the Ministry of Agriculture and Food. They went ahead and contracted, but then they were told: "We cannot pay you. There is no legislation to cover that period of time."

The minister knows about it as he approached the federal minister on drainage grants. I approached our member, Mr. Lumley, who was in sympathy. But, somehow or other, they said we could not hold them to it as there was nothing signed. We will let you solve it. You took our farmers out of the jam and I want to thank you publicly for it again. It is a little hard to understand and I do not want to be too political about this.

10 p.m.

In 1978-79, they had signed an agreement with Quebec for \$172 million, but they would not sign with Ontario for \$50 million. Last year, that is 1978-79, we got \$22,600,000. Quebec received \$172 million. We are competing with farmers on the east side, Veudreuil, Soulanges and the Ormstown-



Huntingdon area. I know that place like the back of my hand. The whole area is top-notch land and fortunately placed. Some of our eastern people are the same way. These fellows have a good market from Montreal. In Glengarry county in particular, they are close to a large urban centre.

All in all, and I am speaking frankly, I think Eugene Whelan is a very fair man and I don't mind telling you that. I think if things were put to him and he was made to understand, he would be agreeable, but I also realize that he has one very serious problem. He has 74 out of 75 members in Quebec who are not too much in favour of sacrificing anything. That makes common sense; anybody knows that. So let us be realistic and know that he is up against a real problem.

The reason I am pointing to dairies is that 10 per cent of the dairy herds of Ontario come from my constituency; so it is very, very important to me. Luckily, I don't hear too many complaints. I don't even hear them complaining so much about high interest rates because dairy cattle are selling at a very favourable price. They have a kind of cash crop income. American buyers and even Quebec buyers are coming in and paying a good price because they are getting a good price for the milk. In other words, when a thing is showing cash returns for the labour, the product follows. All in all, I don't think they are looking for handouts. But at least in fairness, when a plant of that kind has to haul 48 per cent of its milk 30 miles—forgetting boundaries altogether—it does not make sense when these people could produce it if they were sure they were not going to be penalized. That is all I have to say.

**Mr. McKessock:** Could I check that figure you mentioned about there being 74,000 Ontario farmers and the money they got?

**Mr. Villeneuve:** It was \$469 on average in four years under DREE. That does not apply to western Ontario.

**Mr. MacDonald:** Most of them were not eligible. The actual figure there is obtained by dividing the number of farmers in northern Ontario and eastern Ontario into the DREE figure. That would be accurate.

**Mr. McKessock:** How many dollars did the Quebec farmers get under that?

**Mr. Villeneuve:** They got \$3,628 on average.

**Mr. McKessock:** For how many farmers?

**Mr. Villeneuve:** For 43,000. The figures for Manitoba are 32,000 farmers who received \$1,781 on average.

**Mr. McKessock:** Actually, Ontario got more dollars out of that program. They got over twice as much.

**Mr. Villeneuve:** At \$469 compared \$3,600? I don't know, I guess I did not go to school.

**Hon. Mr. Henderson:** You had better recalculate.

**Mr. Villeneuve:** I am lost.

**Hon. Mr. Henderson:** Well, 36 times 40 about 10 times as much.

**Mr. Villeneuve:** It was \$469 on average for 74,000 farmers and \$3,628 for 43,000. I am finished. I will resume the chair.

**Mr. Gaunt:** Mr. Chairman, I think when have a close look my matter comes under another vote. Veterinary services, regulatory I think, is the heading.

**Mr. Chairman:** Everything is included.

**Mr. Gaunt:** Oh, everything is included? That case, I have some matters under the agricultural education and research program. I want to have a little dialogue with Mr. Rennie but that will not take place tonight. The Fur Farms Act does not come under this vote. That comes under the veterinary services regulatory portion, so I will pass my friend, Mr. MacDonald.

**Hon. Mr. Henderson:** I wonder if I might just respond to the Chairman over his concern about the milk producers. We in the department are equally concerned.

A little over a year ago, the milk marketing board suggested to the milk producers that they should be producing 100 per cent. Mr. Villeneuve suggested, there are farmers with not enough quota to make their operation economically viable, and the milk yield this fiscal year, does end at the end of June. After it was calculated, we found that the milk producer produced 96.5 per cent, which was about the production right across Canada. I have spoken to the chairman of the milk marketing board about this. We do have production in Ontario that really needs the 100 per cent production, and I know our farmers are trying to meet that. It is not easy. We all know it.

**Mr. Chairman:** I appreciate the position your farmers because 10 per cent of the milk production is from your area.

**Mr. Chairman:** I would not say production but herds.

**Hon. Mr. Henderson:** Yes. I believe the milk marketing board understands the problem of the processors right down the way. I stated a few weeks ago that we should have shipped three million pounds more of cheddar

cheese. Had we, it would have made a difference of \$8 million to \$9 million in helping to balance our deficit in the market. I just wanted to acknowledge your concerns, Mr. Chairman, and agree with you on your statement.

**Mr. Chairman:** This very plant involves local people, but it is owned by Labatt's. We are not making any secret about that. But the fact is that they spent \$7 million on cold storage and they are storing three million pounds of Ontario cheese there to age it so as to sell it to Britain. They have sold it, but they have to age it for two years or so, and at the same time it is a product leaving the country.

**Hon. Mr. Henderson:** Mr. Chairman, let me assure you that when I visited the federation of agriculture in Renfrew county a cheese producer there gave me the same story. He was getting only 40 per cent of the milk he would like for processing.

**Mr. Wildman:** This is a matter of interest. Great Lakes Power owns a controlling interest in Labatt's, so they indirectly own the plant you are talking about.

**Mr. Chairman:** It is a matter of interest that with Kraft they control 85 per cent of all the industrial milk east of Toronto to the Quebec border.

**Hon. Mr. Henderson:** Where do you fellows get all these figures?

**Mr. Chairman:** They are not small people.

**Hon. Mr. Henderson:** How many of you have shares in Great Lakes Power?

**Mr. MacDonald:** What vote does that come under?

**Hon. Mr. Henderson:** We will have to get that.

**Mr. Wildman:** Great Lakes itself is owned by Brascan.

**Mr. MacDonald:** I have accumulated four or five items. Let me start, Mr. Chairman, with your milk problem. The problem you are facing in eastern Ontario is in one sense a problem of our own making collectively in Ontario. We failed to produce industrial milk, so we lost our share of the market share quota. Quebec was producing the milk. It got its share, and we are now in a jam. I don't know how we are going to get out of the jam because we are part of a national plan. There is no suggestion we should get out of it because the chaos would be even greater than the problems we are facing now. The minister has just confirmed that last year we produced only 96 per cent.

**Hon. Mr. Henderson:** And a half.

**Mr. MacDonald:** Ninety-six and a half per cent. Don't make a liar out of me for a half per cent.

**Hon. Mr. Henderson:** If you want to be accurate.

**Mr. MacDonald:** Until we can fill our quota and begin to regain some of that, I don't know how we are going to work it out at the national level.

10:10 p.m.

**Mr. Chairman:** What happens is that we make an agreement, and every province lives up to that agreement. The Ontario Milk Marketing Board did it above board. When a man did not have quota, according to the rule book, he was penalized this money. The system in Quebec works differently. It is left in the hands of the processors. If Donald MacDonald has 87 per cent of his milk quota left and Jack Riddell has 102 per cent, they switch in order to make it show 100 per cent. That is smart on their part. I know how the processors operate.

**Mr. MacDonald:** Just a minute now. I have attended the county milk committee meetings regularly at Geneva Park for the last five or six years. I have never heard the producers from your area raise the problem in the terms you have.

**Mr. Chairman:** Where is this?

**Mr. MacDonald:** From your area—Glen-garry and Dundas—at the meetings at Geneva Park. It is a meeting of the county milk producers from all the counties across the country. They have a problem in that we failed to produce the industrial milk so we lost our share. Until we can regain that production level and some of that national share, we are going to be in that bind.

**Mr. Chairman:** I can tell you what happened very briefly, if you do not mind. From 1972 to 1974, we had a crop failure. There were drowned-out crops.

**Mr. McKessock:** Also, we did not have any provincial assistance such as the federal government provided.

**Mr. MacDonald:** We did have provincial assistance.

**Mr. McKessock:** It came late. It came after we lost our quota.

**Mr. Chairman:** All pool one shipments—that was natural milk that normally went into processing—was gathered and taken into the city of Toronto because they were short of supply for pool one milk. The result was that the pool one shipper, the well-established farmer, was protected. He had no

problem. He made sure of it, and that was the likely thing to do. It was the best-paying proposition and it was the logical market. But what happened? The processing naturally went down to 69 per cent and the next year it went down to about 73 or 74 per cent. The result was that they just took that as an average of milk production. The pool two or industrial milk shipper was the scapegoat. This is what I found fault with. I am not making a personal attack upon the Ontario Milk Marketing Board, but every one of them happened to be pool one shippers, well-established farmers. I am not criticizing that. They have the time and are doing a good job of managing it. Mr. McKinnon explained that he and another delegate tried to argue this for Ontario, but there was representation there from clean across Canada. The result was that they were voices crying in the wilderness.

That was the situation, and we never did get it back. Under the present situation, I do not see how we are going to get it back. I honestly think the minister is going to have to establish a fund to guarantee these farmers that there will be no penalty as long as they don't go over 100 per cent.

Mr. MacDonald: You will not get the penalty until you go over 100 per cent.

Mr. Chairman: I know that, but they don't. They were burned years ago and they have not forgotten it.

Mr. Gaunt: What you have to do is to ensure that they do not suffer financially if they go over 105 per cent—or even 305 per cent. There is no penalty up to 100 per cent.

Mr. Chairman: There is if you produce 105 per cent and I produce 95 per cent. I am not penalized but you are. But in Quebec, they have a system of arranging it so that nobody is penalized.

Mr. McKessock: Why don't we do that here?

Mr. Chairman: That is not according to the rules they agreed to.

Mr. MacDonald: Just a minute now, Mr. Chairman. This is the point I want to get back to. If I may pay a tribute to the Ontario Milk Marketing Board, I do not know of any organization that has as tough and complicated a job to do and does it with a greater exercise of the democratic process, with the people from the grass roots deciding what the policy is going to be. When the representatives from every county milk committee come in to Geneva Park every year, there is an open and frank discussion on it and they shape the policies of the board.

All I am saying is that if in the east you feel there is another answer to it, namely that you permit them to go up to 105 per cent without any penalty, or that there should be some sort of government guarantee that they will not be penalized, to encourage them to meet their 100 per cent production and not to continue to lose but to regain what they have lost over the years, then the answer to it is in terms of a policy that will achieve that objective. It has to be worked out within the board, and your members from down in that area have to play their parts.

Mr. Chairman: I agree with you.

Mr. MacDonald: They have not. I have not heard their voices.

Mr. Chairman: I am not surprised at that but they blame the government.

Mr. MacDonald: That is a good thing.

Mr. McKessock: Why don't you go get the minister at home? He could help with regard to this.

Mr. MacDonald: Let me move on to the next one. I was saddened, quite frankly, to listen to your—forgive me—diatribe on the DREE and ARDA grant moneys, Mr. Chairman.

I do not know why, at this stage in Canada's history when we are plagued with the problems of national unity, the issue should have to be dealt with so exclusively in terms of a battle with Quebec and an alleged unfair division by which we are not getting it.

It is nonsense to come up with a figure of \$7,000 to all of the farmers. Quite frankly I do not believe you when you say all the farmers are designated in Quebec. I am certain the farmers in the Chateauguay Valley around Ormstown are not designated by DREE.

Mr. Chairman: I do not think so.

Mr. MacDonald: You bet; I do not think either. So I just do not accept that proposition from the minister, and whoever is saying that you take 43,000 farmers in Quebec divide this figure into the money and come up with \$7,000, and then you divide the figure in Ontario, when only a small proportion of our farmers is eligible. It is only the farmers in eastern Ontario and the farmers in the north. You are playing games with figures. It is dishonest. It is misrepresenting the situation.

But you have picked up on it, Mr. Chairman. You are continuing this family feud between Quebec and Ontario.

Interjection.



**Mr. MacDonald:** Just a minute now, just a minute.

**Mr. Riddell:** You cannot wear two hats, Mr. Chairman.

**Mr. MacDonald:** I think I have the floor for a moment.

**Mr. Chairman:** Your farmers were cheated out of money.

**Mr. Riddell:** No, I don't think they were.

**Mr. MacDonald:** They were not cheated out of money. Let me come on to something, Mr. Chairman, which I wonder you did not raise because this would have been in the Ontario family, vis-à-vis the deficiencies of this government, instead of praising this government. I have a document here that comes from our own area, Mr. Chairman. It is a document from the Dundas County Federation of Agriculture. It is a letter written to the Premier on August 28, 1980, with regard to the South Nation River basin development project. Let me read a paragraph of the letter that was written to the Premier.

"When the public, such as ourselves in the agricultural community, sees a government whose policies and objectives on land use differ between its own ministries and when we witness one of your ministries seemingly imposing its policies and objectives against the wishes of the major populace, we can only conclude that your government has intentionally planned this course of action and your government has lost control of its bureaucracy. We hope that the problem was only caused by overambitious public servants who are pursuing their own personal goals or perceived government goals without regard to the area voting public."

Without going into all of the details, because if I read the whole thing here it would take well beyond our adjournment hour, they point out that between 1948 and 1978 there were 18 major studies done on the South Nation River to come to grips with the problem of drainage. They make the very valid point that if the money spent on those studies had been applied to doing something about the problem, they would have solved a significant portion of the problem.

The letter continues: "In 1978, the Ontario Federation of Agriculture, spearheaded by Ms. Anne Smal of the Dundas County Federation of Agriculture, exerted pressure on the conservation authority to get something constructive done to resolve the problems. Certain dredging commitments were then made, a new dam was constructed at Chesterville and the conservation authority then appeared to be heading in the right direction."

Then we got into the tangle and the delay over signing the agreements with Ottawa.

**Mr. Chairman:** But you notice he gives Mr. Lumley credit. I will let the minister answer Mr. Lumley.

**Mr. MacDonald:** No. I am not going to give the minister anything.

**Mr. Chairman:** I just want to be fair. I can tell you that this gentleman is a civil servant in the government, so that will tell you enough.

**Mr. MacDonald:** What are the concerns? I will mention them.

**Mr. Chairman:** Dominion government.

**Mr. MacDonald:** Are you chairing the meeting or are you running interference?

**Mr. Chairman:** I just happen to know because you are quoting a letter from a constituent of mine. I know all about this thing, but go ahead.

**Mr. MacDonald:** This is no statement of yours. This is something I think you should have raised.

10:20 p.m.

**Mr. Chairman:** I know part of it.

**Mr. MacDonald:** The letter says: "No consultation was made with farm organization groups in the preparation of the eastern Ontario development agreement." This is one of their concerns.

There is a point I want to ask this minister about because he is allegedly a very powerful minister. I have a story here from the London Free Press in which a number of people were asked about the new Minister of Agriculture and Food. Some of the things said were not very kind. For example, "When Premier William Davis elevated Mr. Henderson from the Government Services portfolio to Agriculture last August, the Premier remarked with a smile, 'His persuasive talents almost amount to intimidation.'"

I think it is your size that amounts to intimidation.

If you are that persuasive—and allegedly your powers of persuasion are legendary—how is it that this program, which was originally designed to meet the agricultural needs of eastern Ontario and the South Nation River, has been totally taken over and re-directed by the Minister of Natural Resources (Mr. Auld)?

Here is another of their concerns: "In early 1980 it was discovered that the Ministry of Natural Resources had prepared a plan to conduct another 22 studies at a cost of \$1.8 million on the South Nation River. It was also learned that the cost of these studies would

be drawn from the moneys allotted to agriculture in the agreement. No consultation was made by MNR with any farm organization in the development of the study plan." Then I come to another one of their concerns: "The \$23 million allotted to agriculture development in the eastern Ontario subsidiary agreement has since been reduced to \$14 million through the transfer of \$9 million for the South Nation River basin development to MNR control."

"After we stated our concerns to the chairman of the South Nation River Conservation Authority, he stated, 'the grant is being administered by the Minister of National Resources so we have to listen to them.' The study team is in complete and close contact with MNR officials, whereas OMAF inputs at infrequent committee meetings are recorded as concerned, but no action taken."

Apparently MNR moved in and OMAF has been shoved out of the picture totally. Let me direct your attention to the studies. The \$1.8 million that is going to be taken out of the agricultural allocation is going to go to municipal outlet drainage, agricultural technology transfer, farm development and marketing, forestry program, minerals program, tourism program, small business incentives program, analysis and review program and a public information program.

It has been redirected into a whole range of things that may have some benefit in the local economy, but agriculture, for which the money was originally given, has been pushed out of the picture. That is why they asked the question of the Premier. How come there is a battle between your own two ministries? The one that is losing the battle is this very persuasive Minister of Agriculture and Food. It has all gone over to the Ministry of Natural Resources. What is the answer to this?

**Hon. Mr. Henderson:** Mr. Chairman, I am very happy the honourable member brought this up. Was it two or three weeks ago today?

**Mr. MacDonald:** What difference does it make?

**Hon. Mr. Henderson:** I just want the date straight. On November 6 the Deputy Minister of Agriculture and Food, along with his minister, went to Ottawa. We went out to visit the area. First, we learned that the government of Canada demanded the survey you are speaking about. What did you say the amount was?

**Mr. MacDonald:** I said it was \$1.8 million which was taken out of the agricultural money.

**Hon. Mr. Henderson:** It was taken out of DREE money, money that was really allocated to the South Nation River. Whether it went through Agriculture and Food or Natural Resources, it was money for the South Nation River.

**Mr. MacDonald:** Its first focus was on agriculture.

**Hon. Mr. Henderson:** Yes, but it is money for the South Nation River. It matters less whether it goes through our ministry or Natural Resources. The main point is, we that want the South Nation River done.

Even though it agreed to the South Nation River project, after 17 or 18 studies—it has been studied to death—the government of Canada demanded another study. My deputy and I had a helicopter ordered to fly us out. We wanted to fly over the whole area. I wanted to know it personally, so I could argue the case. We got into Ottawa that afternoon about 1:30. The helicopter was sitting out in the field, but we had no pilot. At two o'clock we still had no pilot. We decided that if he did turn up, if he were that irresponsible, we were not sure we wanted to fly with him. Maybe you opposition members would have loved us to have flown with him, but we did not think we would. Our area man, Mr. Kelly, was there. We drove out and met with the heads of the councils within the immediate area.

The heads of the councils, as had members of the South Nation River Conservation Authority, had agreed to the study. They really did not realize what they had agreed to. This is where the federation had not done its full job. An argument developed that day between the representatives of the federation and the heads of the councils. The heads of the councils pointed out to my deputy and me that there was no way they would get this other subsidy if they did not wait for the other study.

By the end of the meeting, I pointed out to the heads of the councils that if they themselves would delete these drainage areas from the study—the ones which that letter developed around—and if they themselves, as the local authority, put a motion through the local authority to get these drains deleted from the study, to let the other drains proceed, then they would give me some grounds. I told them what the problem was, but they were supporting processing the whole drains.

The executive committee was called together the following week and again they argued with my deputy and me that if these drains went ahead they would not get that

third subsidy. They put up quite an argument with us. When I left, I said, "I think you had better leave the worry over the additional third up to your minister." Once we got the resolution from them, I am happy to report to you they unanimously agreed to release the drains, the main drains which were costing the farmers' problems.

The Minister of Natural Resources (Mr. Auld) and his close advisory committee met with the Minister of Agriculture and Food at five o'clock yesterday. We went over it and we now have an agreement concerning three drains, the Johnson, the Ferguson and the Mullen, the three the local people wanted. We then had an agreement between the two of us that the municipalities are to proceed, but are not to make the final passing of the drain until April. In other words, Mr. Chairman, your councils can proceed to that point which it was requested of us to arrange, so they can tender those drains early next year. We worked out the agreement yesterday afternoon.

Mr. MacDonald: You worked out the agreement in terms of rescuing something of the original objectives, namely, the drains. But there was a far broader program for redevelopment in the South Nation River basin. That has been lost. This is their protest. I am not giving you something from one individual who happens to be a constituent.

Hon. Mr. Henderson: I realize that. Federation members were right there at this meeting and went away from that meeting with a different opinion. I want you to realize that the agreement is that on the drains which those municipal councils want to go ahead with, we have only asked them to hold up the final passing until April in case there might be a problem with them so that they can reconsider it. They might be planning their depths too deep or something like that.

Mr. MacDonald: What percentage of the total grant is going into these drains you are referring to?

Mr. Chairman: I can tell the number of total drains last year and this year. There are 96. With these three, there will be 99. Two are held up.

Mr. MacDonald: What percentage of the money is going into these drains?

Hon. Mr. Henderson: The outlet drainage gross cost is \$11 million. One third is picked up by the farmers, one third by the province and one third by the federal government.

Mr. MacDonald: That is \$11 million out of what? Is it out of the total grant for the area of \$50 million?

Hon. Mr. Henderson: The \$50 million is over a five-year period.

Mr. MacDonald: The \$11 million is what?

Hon. Mr. Henderson: It is only a third of the \$11 million.

Mr. MacDonald: We are getting ourselves off the topic. The point I want to make is that the program was designated for, directed to and focused on agriculture, whether it was because of the dictate of Ottawa that they had to have another study involved in the program.

Hon. Mr. Henderson: That was really it.

Mr. MacDonald: It is very easy to blame Ottawa for everything. I would like to think that perhaps if the Minister of Agriculture and Food had been in there fighting for it, he would have had it rolling and would not have lost it to the Ministry of Natural Resources.

Look at another of their concerns. "The study team is in complete and close contact with MNR officials whereas OMAF inputs at infrequent committee meetings are recorded as concerns but no action taken. It appears that the local OMAF agricultural officers are being muzzled by their superiors in Toronto due to the fears of not wanting to create problems with the superministry family (OMAF, MNR and Environment)."

"We understand the Ontario government has made certain commitments to create wood fibre sources." They are going to try to encourage them to grow wood fibre to support the industry in Cornwall, a total redirection from the original concept.

I repeat, Mr. Chairman, this was a brief that was brought in by heads of county Federations of Agriculture: the first vice-president of the Stormont County Federation of Agriculture, the president of Dundas, the president of Ottawa-Carleton, the president of Glengarry, the president of Prescott, the president of Grenville and the president of Russell county. Their names are all there. It is not the kind of group whose members you can call kooky individuals who are wrong. It was all of the county federations of agriculture.

Hon. Mr. Henderson: Mr. Chairman, I know we are getting by the adjournment hour. After my deputy and I met with the heads of the council, the people who are actually the appointees on the South Nation River Conservation Authority had a new idea. They themselves believed we could not subsidize these drains. They were scared to death. They were scared that Ottawa would not give them the third subsidy. I told them



to leave that up to me. Then they quickly passed the motion to release these three drains. It is the threat from Ottawa these people feared.

**Mr. MacDonald:** I will leave the matter. It is a bit too confused to sort it out here. I confess I do not know all of the intimate, local details of the thing. All I am saying is that this is a matter of real concern. Instead of declaring war on Quebec and adding to the disunity of this country, I would like to see Mr. Villeneuve next year bring up the real concerns of his local federation of agriculture.

**Mr. Chairman:** You are liable to get the whole story too. There are towns there, Casselman, Chesterville and Winchester that have sewage and water and are dependent

on that water basin. I am not an engineer. It sounds like too many studies to me, as a layman. On the other hand, they have to make sure that during the dry spell these towns are able to function because they are in that area.

Agriculture is the main industry. We admit that. We cannot ignore these towns of 1,800 2,000 people. After all, it is a situation I am not qualified to answer for, but this is what the engineers report.

**Hon. Mr. Henderson:** Mr. Chairman, let the record show we have no argument with Quebec. We are concerned the government of Ottawa has not given the farmers of Ontario fair treatment.

The committee adjourned at 10:34 p.m.

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No. R-52

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**  
Tuesday, December 2, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, DECEMBER 2, 1980

The committee met at 8:03 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

**Mr. Chairman:** The committee will come to order. All parties are represented. Mr. MacDonald, I believe, is first.

**Mr. Isaacs:** Mr. Chairman, before you move into those estimates, may I make a point of order? You will be notified very shortly that I am substituting for Ms. Gigantes for the remainder of the session. You will also be aware that the annual report of the Ministry of the Environment has been referred to this committee for the purpose of discussing the Minister of the Environment's announcement in South Cayuga.

I would like to suggest that the committee might wish to consider setting aside perhaps a few days of hearings some time during the winter break for the matter of dealing with that reference. I discussed it with the Liberal critic, Mr. Gaunt. He is in agreement, as I understand it, with that general proposal. I have also discussed it with the minister. He could be prepared to be here for that length of time, at any time that the committee sees appropriate to schedule those hearings.

The matter of scheduling, I realize, is a difficult one. Personally, I am free to deal with it at whatever time the committee sees fit. But the minister indicated to me he would like to know as soon as possible when the committee plans to deal with that South Cayuga reference. I wonder whether there is a mechanism through which the committee could consider that matter.

**Mr. Chairman:** Yes, but we have agreed to finish the estimates of the Ministry of Agriculture and Food and then we have three hours left with Mr. Brunelle next Tuesday. We are off on Wednesday.

**Mr. Isaacs:** I understand that. Would you prefer to leave it until Wednesday of next week to make the decision?

**Mr. Chairman:** I am not in a position to make a decision. We have to get appropriate

dates by finding out the consensus of members of all the parties. I presume it would be some time in January.

**Mr. Isaacs:** Some time in January or February, whichever members would find useful. Is there a mechanism to get that process of finding dates under way?

**Mr. Chairman:** I think perhaps we will meet on Wednesday; we are going to meet on other matters. That will be discussed. Before this session finishes, we will have an arrangement about what approximate dates we will be having. As I say, we will have to agree among all parties.

**Mr. McKesock:** Mr. Chairman, just before we start, I would like to pay tribute to the agriculture representative from Grey county, Grant Sweiger, who has passed away since our last meeting of the resources development committee. He was a man who dedicated a large portion of his life to agriculture in Grey county, a person whom I quoted from at our last meeting here a few nights ago, and someone who is going to be sadly missed by the farmers and agricultural sector of Grey county. I want to take this moment to pay tribute to him and to the Ministry of Agriculture and Food for allowing us in Grey county to have him for the last 30 years.

**Mr. G. I. Miller:** Mr. Chairman, on a point of order: The minister was down to open a new company, Picard's Peanuts, on Monday of this week. As a matter of fact, they have pretty good peanuts. I will send them around so that everyone can have a sample. I do not think American peanuts can touch them. It is an indication of what we can do down in the Haldimand-Norfolk area.

**Mr. MacDonald:** As long as they do not turn it into a dump.

**Mr. G. I. Miller:** If they do not dump on us, I think we will be okay, if we can keep that ministry away and make sure we use our best natural resource to the best advantage of everyone in Ontario. This is an example of what can be done. I will just send these along to my colleagues so they can have a couple of peanuts. It is a family operation—Jim Picard and three sons.



With the support of the federal and provincial governments, they have done a tremendous job. I think half a million dollars was put in by the federal people. The minister did not announce how much the province put in as its support. I know they did give support. I know they have a loan. There is a great future for peanuts. They are just getting the bugs out of the manufacturing business this year. Down the road, I think, it will prove very beneficial for everybody in Ontario.

**Hon. Mr. Henderson:** The province gave them \$300,000.

**Mr. G. I. Miller:** Fine. As Mr. Isaacs pointed out, we will certainly be looking at that because saving that South Cayuga land is one of my party's aims—and I appreciate the support we are getting from the opposition parties. As to how we deal with it, I guess we will have to decide on that as we go along with the estimates. We certainly appreciate that support.

On vote 1902, agricultural production program; item 5, other assistance to primary food production:

**Mr. MacDonald:** Mr. Chairman, I had three or four issues I wanted to raise. I got started on them the other night before our adjournment—how can I talk and eat peanuts!

I want to revert briefly to the milk issue you raised the other evening. I do so because I do not know whether you raised it in the committee here, but I know we have had private chats and I have been thinking about what you said. I want to raise it with the minister and plead with him that he give serious consideration to it.

We are in the problem we are in in Ontario with regard to inadequate milk supplies for our cheese factories and some of our industrial milk establishments because we dropped in our production and lost our share of market sharing quota some years ago. The anomaly you pointed to, Mr. Chairman, of factories that are so desperately in need of milk for firm contracts that they have signed with supermarkets and other outlets and, therefore, have to import milk sometimes from hundreds of miles away from Quebec, is one with which surely everybody, including the government, wants to come to grips.

8:10 p.m.

As I see the problem, and I know it is very complex and I sometimes wonder if I really understand it, there is a fear of over-producing because of the fact they may get

penalized for that overproduction in the fashion they were some two or three years ago. The minister reminded the committee at our last meeting that last year's production was about 96 per cent. If we are ever going to win back some share of the market sharing quota, it seems to me we have to get to 100 per cent and even beyond in order to be able to legitimize our claim for winning back a larger share of the MSQ. The board feels it cannot run the risk of that overproduction. It is encouraging the farmers to produce as close to the level as possible but the farmers with their understandable caution get close to it but don't go beyond it. Therefore, we are in a bind and are never going to be able to regain that MSQ.

It seems to me the proposition that the government should step into the picture and provide some sort of a guarantee for production of up to, say, 105 per cent, so that farmers would be going beyond the 100 per cent and legitimizing their claim for regaining some of the MSQ, is the only way in which we are going to get out of this bind, unless at the federal level everybody is willing to agree to sit down and do some total rationalization of the picture. As I understand it, until now there has not been very much prospect that this is going to happen for a variety of reasons we don't need to go into here.

Therefore, I would like to plead with the minister that he and his cabinet ministers give some thought to some sort of guarantee on which they may not have to pay out significantly, but which at least would encourage the milk producers to get up to the 100 per cent level and, conceivably, beyond it in order to be able to recapture the situation we had a few years ago. Recognizing that the minister has to get some approval from his colleagues before he can move on it, may I ask whether it is the kind of thing which he personally feels merits some attention?

**Hon. Mr. Henderson:** Mr. Chairman, could not disagree with the member. It is a problem we have to come to grips with. First, I believe the farmers were labouring under the thought that 95 per cent was enough. They did not believe they should produce this other five per cent. They did not realize the predicament they were putting themselves in.

When I talked to individual farmers and told them of the position we were finding ourselves in and when they got a thorough explanation, they were willing to try

produce something over 100 per cent. They tell me they now have the cows, and we will look at the proposal you are suggesting. I am not sure what the end arithmetic might be on it, but we are certainly going to look at something.

**Mr. G. I. Miller:** May I throw in something on that? At the opening of the Picard peanut plant on Monday, there was a representative from A. M. Jensen which has a cheese outlet in Simcoe. I don't know if you are aware of that. They have a cheese factory in eastern Ontario, but I am not exactly sure where it is located. I did know at one time but I cannot put my finger on it. They indicated to me on Monday that they cannot get enough whole milk to make cheddar cheese. I said we were involved in the Ministry of Agriculture and Food estimates now and I would certainly bring it to the attention of the minister. I think it is an area we should be looking at to make sure there is an adequate supply for a market that is available. I know the Ontario Milk Marketing Board has done a good job.

As the chairman has pointed out, we have lost some to Quebec. I would like to go back to when I was a member of the milk board in 1965. We had a quota at that time, but we lost it because we did not produce. At a later point, the government brought in the industrial milk production incentive program to take care of it and they got into a bit of a jam.

**Mr. McKessock:** Too late.

**Mr. G. I. Miller:** It was too late, right. A lot of farmers got into trouble because it was not planned properly. For Ontario to get its fair share, the minister has to take some responsibility to see that Ontario producers can produce for the markets that are available.

**Mr. J. A. Taylor:** If we can sell it, it is all right to do it, but we don't want to stumble on an oversupply and then be penalized and have to give the milk away.

**Mr. G. I. Miller:** That is true. I can recall when we were giving the milk away. But we still have to have an adequate supply. It is not working effectively enough at the present time. We have to get more young farmers in it.

**Mr. J. A. Taylor:** You are right.

**Mr. G. I. Miller:** As I pointed out, the South Cayuga townsites have good agricultural land and we have to protect it. Don't pound that gavel too quickly, Mr. Chairman.

**Mr. J. A. Taylor:** That is right. Watch it.

**Hon. Mr. Henderson:** I just want to respond further to Mr. MacDonald. With all due respect, the dairy farmers have increased their production considerably over the last year. There was a 1.2 per cent increase and then another 0.3 per cent increase. Slightly over a year ago they were producing only 99 per cent. I don't have the actual figures but, comparing production today and a year ago, it might be 95 per cent a year ago and 100 per cent today. With the new allocations, the increased quota they were granted, it would be at 96.5 per cent. I agree we need 100 per cent mainly because we have six million pounds of cheddar cheese in the European Common Market. It made an outlet then but they didn't fill it. They only filled half of it.

**Mr. J. A. Taylor:** Why can't we produce enough for our own Ontario consumption? Why should we bring milk in here as we are from Quebec in order to satisfy Ontario?

**Mr. MacDonald:** It is part of the market share quota arrangement. It is very complicated—worse than energy.

**Mr. J. A. Taylor:** I understand it. I know you may be an apologist at times for state collectivism and state farming, but we have got a situation where there is so much government intrusion that we are stopping the freedom of the farmers. We have farmers who can produce untold quantities of all kinds of food, yet we are getting into a situation where they are not producing enough to satisfy our own domestic needs.

**Mr. MacDonald:** Mr. Chairman, please let's not get the issue fudged by such ideological flourishes as state intervention and so on. The market share quota national program is supported by all dairy producers, including Ontario dairy producers.

**Mr. J. A. Taylor:** I understand that. Would you like to deal with Ontario's share of that national program?

**Mr. MacDonald:** Therefore, they don't want to wreck that national plan in order to cope with this problem that has emerged in Ontario. I suggested to the minister before you got here a way in which we might protect ourselves from the financial consequences of overproduction so that they can regain some of that MSQ. The minister has indicated he is willing to consider it.

**Mr. J. A. Taylor:** Is that up to 100 per cent?

**Mr. MacDonald:** Even beyond that, even if it went beyond 100 per cent and they had milk that could be produced and sold. I understand they could sell it out of the

country without getting into problems on the national marketing agreement. At least there would be a benefit coming back from any financing of an overproduction that the government would have to incur.

**Mr. J. A. Taylor:** I understand the theory behind it and what you are attempting to accomplish. I know certain farmers, though I can't speak on behalf of every one of them. I am talking about dairy farmers now.

**Mr. McKessock:** That is what we are on.

**Mr. J. A. Taylor:** That is right; that is what we are on. I can't speak for every one of them, but some have told me they would rather forgo the price increase and produce more milk than keep escalating the price.

**Mr. McGuigan:** Would they like to do away with the support system? This is the crucial element.

**Mr. J. A. Taylor:** Nobody suggested that.

**Mr. MacDonald:** That is state intervention, though.

**Mr. J. A. Taylor:** Sure it is state intervention. Do you know what has happened? There are fewer and fewer farmers and the fewer there are, the more comfortable they get. It is like any system. I don't blame the farmers. If I am a dairy farmer, I am pretty well off today. Most of them are, but you don't blame them for that.

**Mr. McKessock:** You don't have to get up early in the morning seven days a week.

**Mr. J. A. Taylor:** Sure they do. I am not suggesting they don't.

**Mr. McKessock:** Some feel that is not being well off. I don't know.

**Mr. J. A. Taylor:** Oh, what the heck! Don't you get up early in the morning?

**Mr. McKessock:** Oh, yes.

**Mr. J. A. Taylor:** Sure. You are up late at night too. Look at the time now.

**Mr. MacDonald:** They must have put vinegar in your coffee at dinnertime. You are in a bad humour.

8:20 p.m.

I wanted to refer back briefly because I think I interjected with some inconclusive, if not inaccurate, information on the question Mr. McKessock raised about what agricultural land we have in Ontario. I will go to our most authoritative source, the Ontario Institute of Agrologists in 1975. I remind you the figures are for 1975, but I don't think they are very far out for the picture as of today.

**Mr. McGuigan:** We haven't made any more land since then.

**Mr. MacDonald:** No, we haven't. Let me quote directly from page 13 of this publication, *Food Land: Preservation or Starvation*. This is on the question I think you were asking. "Ontario has a total of 18.7 million acres of class one, two, three and four land. However, in 1971" — the last census — "only 10.9 million acres of this land was improved farm land, that is, land which was in production."

"The area of improved farm land in the province has declined by 2.5 million acres in the past 30 years. Even more striking is the fact that almost half of this decline, 1.2 million acres, took place in the last five years of the period, 1966 to 1971." That was the period when 26 acres an hour were disappearing. I think we have heard of that before.

"This means that an average of some 200,000 acres of improved farm land per year went out of food production during that period and the trend continues. At this rate, half of the present food land in southern Ontario would be out of production by 2000 AD and the remainder will be gone by 2025. There has been some measure of reversal of that in some areas . . ."

**Mr. J. A. Taylor:** You bet there has.

**Mr. McKessock:** Now I see where all that gravel in Grey county is going to go.

**Mr. MacDonald:** Just a minute. If you want the floor, why don't you put your name on the list?

**Mr. J. A. Taylor:** I am usurping everybody's time.

**Mr. MacDonald:** We will get around to you in a minute.

**Mr. J. A. Taylor:** I hope you do.

**Mr. MacDonald:** We will. However, here is an interesting point we should bear in mind as we look at this broad picture. On page 14 of this publication; it says:

"Population and the need for food land: Ontario's population was placed at 7.7 million. Conservative estimates suggest that this will increase to 12 million by the year 2000 AD. I suspect they will put that a little lower now."

**Mr. McGuigan:** That is a conservative estimate too.

**Mr. MacDonald:** It was something more than a conservative estimate.

**Hon. Mr. Henderson:** Was that a capital C?

**Mr. MacDonald:** It says: "This would mean that even if no further improved land were lost to urbanization, it would be difficult for Ontario farmers to produce enough food to satisfy the Ontario population 25 years from now."



"Earlier it was estimated for our Canadian standards that even with an increase in productivity of 70 per cent over the next 25 years, we would require an average of one acre per person to feed our population. This would mean a requirement of 12 million acres for food production to feed the Ontario population of 2000 AD. There were only 10.9 million acres of improved land in 1971 and, in the ensuing four years, this has probably been reduced to a little more than 10 million acres at the present time." That was 1975.

I assume if we take that yardstick—and it is from the Ontario Institute of Agrolgists who are professionals in the field—we need one acre per person to be able to feed our population. To the extent we let that good and disappear, we are destroying the basic resource with which we can feed ourselves, to say nothing of what we can do with that and for export purposes if we had the export market.

Mr. J. A. Taylor: If we are allowed to reduce.

Mr. MacDonald: I put that on the record because I think it is important. Let me get something else. I don't dare to believe I can do this without interruption from one of my colleagues in the committee.

I want to go to this question of hydro rates. The minister is interested in agricultural and rural areas. I quoted from an article in the London Free Press the other day—and let me put it on the record again—that the Premier referred to the minister as having persuasive talents that almost amount to intimidation. I suspect it was your bulk he was looking at.

Let me put on the record, by way of a part on this situation, a quotation from the member for Prince Edward-Lennox (Mr. J. Taylor). I am quoting from the Kingston High-Standard of October 24 from an article embellished with his picture. There are about four paragraphs which I would like to read. I shall do so without interruption from myself and, I hope, without interruptions from anyone else.

"Former Energy Minister James Taylor says the latest hike in rural hydro rates is evidence that Premier William Davis does not have the political power to control Ontario Hydro.

"Ontario Hydro has announced its increases in the face of Davis's statements and commitments to the Legislature and to the rural people of Ontario," said Taylor, MPP for Prince Edward-Lennox, and a former member of the Davis cabinet.

"Ontario Hydro has flouted his wishes. If hydro rates were standardized across Ontario, the rural residential rate would be decreased by 22 per cent," he said. "City dwellers would pay about four per cent more."

Then comes a very interesting paragraph. The direct quotes are presumably from the former Minister of Energy. "Four provinces—British Columbia, Quebec, Nova Scotia and Newfoundland—have instituted uniform residential power rates."

The thing I find interesting there that I would draw to your attention, Mr. Chairman, is that the Premier makes a statement of policy. I have always operated on the assumption that when the government lays down policy, a crown corporation is obligated to operate within the framework of that policy. The Premier made that statement last May or April and, as has been pointed out in the House, when the hydro rates came this fall, they were increased by 11.2 per cent for rural—and 9.2 per cent for urban subscribers. In other words, the differential was widened, not narrowed.

The current Minister of Energy (Mr. Welch) fudges the issue by saying it is a different matter and has nothing to do with the request for Hydro's report on differentials. It is a different matter, everyone will concede that, but it is a different matter that widens the differential and makes the original problem that the Premier addressed even worse.

The thing that fascinates me, Mr. Chairman, is that, on page 4 of the Hydro report on the differential, you will find this comment: "This system," the hydro system in Ontario, "has the greatest differential among customers of all publicly owned supply authorities across Canada and a substantially greater differential than other energy suppliers," namely gas, oil, you name it. The rural subscribers are being victimized, not only by Hydro, but to a greater extent than by any other energy supplier.

Having enunciated the policy, I agree with the former Minister of Energy that Hydro has, in effect, thumbed its nose at the government, to put it bluntly. It is not going to respond. In effect, Hydro has said to the government, "If you want the differential eliminated, just kick in with a subsidy out of the public treasury," and the government has accepted it. One wonders who is running the province, Hydro or the government. Does Hydro lay down the policy and the government abide by it, or does the government lay down the policy and Hydro abide by it? In

this instance, it is clear that Hydro is laying down the policy and the government is responding by kicking in a subsidy.

Let me draw to your attention what that subsidy has done, Mr. Chairman. In the mini-budget of the Treasurer (F. S. Miller) a week or two ago, according to the Minister of Energy's own release from his office that same day, \$20 million covers 30 per cent of the differential. By simple arithmetic, the differential, the burden that is being carried by rural subscribers, is \$66.66 million, of which \$20 million has already been accepted.

8:30 p.m.

Hydro is defined in still another respect. In their report, not only do they acknowledge the system has the highest differential of any publicly owned supply authority across the country, but they also state the differential should be reduced to 15 per cent and maintained at 15 per cent.

In other words, it would be unfair to go below the 15 per cent. Their argument is an argument of economics and accounting rather than of justice. Everybody knows, and one does not have to be very bright to know, that it costs more to deliver energy in the rural areas where one has to deliver to scattered consumers than to people who who are living 15 feet or 20 feet apart in a city block.

Mr. McKessock: What about those power lines coming down to Toronto?

Mr. MacDonald: Just a minute. The way to correct that is by equalizing rates for all the Hydro subscribers so that the rural sector is not penalized and there are comparable residential rates for rural and urban areas. That has been done in four other provinces. That is what we do today for many other things across this province. Ontario health insurance plan premiums are not higher in the rural areas. If one goes into a liquor store or a Brewers' Retail store in Ontario in a rural area, one does not pay more even though the transportation costs may be higher to get the product out there. The rates are standard. It is possible to standardize the rates. The government has laid down the policy and Hydro is flouting it.

Mr. J. A. Taylor: You are making it difficult for me to be argumentative.

Mr. MacDonald: I come to the minister's talents for persuasion almost to intimidation. I want to say to you if you really are the champion of the farmers in rural Ontario you should be using those persuasive talents

in a pretty vigorous fashion within the cabinet today, because there is every evidence up to this point that the government is capitulating and Hydro is laying down the policy. What it means is everybody else in the country is going to have to pick it up by way of a subsidy out of the general revenue.

Can you tell me whether there is any prospect of your exercising effectively those persuasive talents within the cabinet?

Hon. Mr. Henderson: The honourable member was in the House on October 13, the night of the mini-budget, when it was laid out quite clearly in that budget what the proposals and plans are.

Mr. McKessock: That is just a drop in the bucket.

Mr. MacDonald: That is 30 per cent of the differential. We have since had this report in which Hydro says the differential should be reduced to 15 per cent but no more. In other words, the 15 per cent differential will become a permanent differential. Do you favour that?

Hon. Mr. Henderson: As I say, it will be dealt with by the government as laid out in the mini-budget speech.

Mr. MacDonald: What are you saying? Are you saying then that the \$20 million covers 30 per cent of the differential and that over the next two or three years up to 1982 we are going to kick in at least \$66 million out of the Treasury to achieve a policy because Hydro refuses to achieve it by any equalization of rates within its structure?

Hon. Mr. Henderson: As I remember the budget, and I am speaking strictly from memory, it suggested there would be \$200 million put in and, at the end of that year the rates will be justified.

Mr. MacDonald: What do you mean the rates will be justified?

Hon. Mr. Henderson: The differential.

Mr. MacDonald: The differential will be justified?

Hon. Mr. Henderson: It will be adjusted.

Mr. MacDonald: It will be adjusted.

Hon. Mr. Henderson: That is as I remember it you were there at the time.

Mr. MacDonald: I know, but let us no play games. If \$20 million covers 30 per cent of the differential, you need another \$40 million to cover 100 per cent of the differential. Is it going to be done by equalization of rates within Hydro, or are you going to kick in more and more every year?

there will be a permanent subsidy to Hydro to remove the differential?

**Hon. Mr. Henderson:** I do not think anyone has answered the question the member has asked.

**Mr. McKessock:** The first thing you know they will be calling that a subsidy to the farmers. Let us have equalized rates.

**Mr. MacDonald:** I grant you nobody has answered it. That is why I am putting the question to you.

**Hon. Mr. Henderson:** I just repeat that I think the Treasurer made a statement at the time of the mini-budget. That statement will stand until there is a further statement by the government.

**Mr. MacDonald:** Do you believe the differential should be eliminated?

**Hon. Mr. Henderson:** I have made my statement.

**Mr. McKessock:** I forget. What is it? Can we have it again?

**Hon. Mr. Henderson:** It is quite clear. I said on October 13 the Treasurer presented the mini-budget.

**Mr. MacDonald:** I do not care about the treasurer. I am asking you whether you believe the differential should be eliminated?

**Hon. Mr. Henderson:** He put the position of the government quite clearly in his statement that night.

**Mr. McKessock:** As Minister of Agriculture and Food, how do you feel about the rural people in Ontario? Should there be equalized rates?

**Hon. Mr. Henderson:** Mr. Chairman, if you wish I could get a copy of the budget.

**Mr. MacDonald:** We have read the budget. We do not need the budget. We know what it says and you know what it says, but that is not the answer to the question we are putting to you.

**Mr. McGuigan:** The minister is saying he does agree with the 15 per cent.

**Hon. Mr. Henderson:** The minister suggests that the government's position was put quite clearly that night of the mini-budget.

**Mr. MacDonald:** All I can say is I am not totally in agreement with the Premier. Up until now, I cannot see that your persuasive attempts amount to intimidation. They are not intimidating me. In fact, there is no persuasion about them at all. It is a cop-out. I will leave the matter. I am not going to press it because obviously you are just going to throw verbal sand in my eyes for the next

five minutes if I persist in asking the question.

But I repeat that I think it is your job as Minister of Agriculture and Food and guardian of the interests of the farmers in rural Ontario to be in there fighting, and there is no evidence at the moment that you are winning the battle.

**Mr. Riddell:** Or even fighting.

**Mr. MacDonald:** Silence is golden.

**Hon. Mr. Henderson:** I have answered his question, Mr. Chairman.

**Mr. McGuigan:** Mr. Chairman, I would like to ask the minister about the position of people in rural areas who are commercial users of hydro. This probably does not take in a great number, but there are people who perhaps in their milking operation have a hydro installation separate from the house, or people who operate cold storage and that type of thing who use a large amount of hydro. Why are they left out of even the \$20 million, as small as that is?

**Hon. Mr. Henderson:** Mr. Chairman, I was not aware they are left out or that there is a separate billing. Are you telling me a dairy farm has a separate meter from that of the house?

**Mr. McGuigan:** I do not know of any specific dairy farm. I know of large cold storages; they often have separate meters.

**Mr. MacDonald:** These differentials are for residential rates.

**Mr. McGuigan:** That is what I am saying.

**Mr. MacDonald:** Cold storage is not a residence.

**Hon. Mr. Henderson:** No, it is an entirely different picture as far as that is concerned. But I will be glad to look into it.

**Mr. McGuigan:** Agricultural production is involved. These people are not going to have the benefit of even the \$20 million.

**Hon. Mr. Henderson:** As I say, I will look into it, but I am not aware of any regular farm operation where the house is separate from the barn operation.

**Mr. McGuigan:** As I indicated, it is a small number.

**Hon. Mr. Henderson:** I am not aware of any.

**Mr. McGuigan:** I am aware of some.

**Hon. Mr. Henderson:** Of some farm with a barn or livestock operation?

**Mr. McGuigan:** The one I am aware of specifically is cold storage.

**Hon. Mr. Henderson:** That is a little different from a barn operation.



**Mr. McGuigan:** It is part of the farm operation just as much as the milking part is.

**Mr. MacDonald:** If I may move on then, Mr. Chairman, I have two or three questions with regard to crop insurance. We are pumping around. When I talked to Mr. Ediger, he said it had been covered. He isn't here now. Let me raise them anyway, if I may; perhaps somebody can reply to them. The first one I want to raise is on behalf of my colleague Mr. Foulds who is tied up in another committee. Otherwise, he would be here doing it on his own behalf.

8:40 p.m.

I will give you two examples of the kind of thing that happens. On May 15 of this year, a farmer by the name of Chris McNalley applied for crop insurance and was visited by an agent. As a result, he got a policy covering total insurance for \$35,200. Some weeks later, on June 24, a person representing himself as an adjuster for the Crop Insurance Commission of Ontario attended at the McNalleys' farm and prepared an adjuster's special report. Incidentally, I am told this was the first time an adjuster ever appeared on the scene in that area. The agent sold the insurance, they got their policy and there was never anybody who came in and second-guessed it.

What happened in this instance is that they knocked the acreage down from 200 to 168 acres. When Mr. McNalley objected, the adjuster stated that he should go and measure it to be exact, if he was challenging knocking it down from 200 to 168 acres. The adjuster stated he did not have to measure the acreage because he could do it by eyeballing it. He reduced the policy from \$35,200 to \$24,820.

The second example is that of a person by the name of Dale Dubinsky, who was given coverage for 250 acres and a total insurance policy of \$25,250. An adjuster arrived on deck some days later and knocked it down to \$16,550, again by the eyeballing process of looking at the field and saying there were so many fewer acres.

This insurance was for hay as there was a problem with a shortage of hay there. The farmers had gone to the bank and borrowed money on the collateral of having this insurance coverage. Then the insurance coverage was slashed in this rather significant fashion, from \$35,000 to \$24,000 in one instance and from \$25,000 to \$16,000 in another instance, cut by about one third.

What explanation is there for that kind of procedure? You have agents who are presumably doing their job. Why do you come in

after the farmer has got his insurance coverage in good faith, borrowed money on the basis of it and then finds his insurance coverage is slashed in that fashion and he is left with loans at the bank which are somewhat difficult to cope with?

**Hon. Mr. Henderson:** I do not know these individual cases. I will certainly look at them. I would appreciate it if you would give me their names again.

If there are only 150 acres there and not 200, I think the member would agree it is the duty of the inspector to verify it.

**Mr. MacDonald:** By eyeballing it?

**Hon. Mr. Henderson:** By whatever method. If I were the farmer I would know the number of acres.

**Mr. MacDonald:** Would not the agent in the first instance have made sure he was giving the exact acreage instead of something that could be eyeballed down by one third?

**Hon. Mr. Henderson:** If you were the agent, as compared to the chairman or myself, I have my doubts if you could look at the field from your position and know the number of acres. When the inspector came along, if I were the farmer, if I had insured 200 acres and had 200 acres, I would certainly challenge that inspector.

**Mr. MacDonald:** He did but he got nowhere.

**Hon. Mr. Henderson:** Did they go out and measure it?

**Mr. MacDonald:** No. The adjuster said he did not need to; he could eyeball it.

**Hon. Mr. Henderson:** If the member will give us the names, we will be happy to look into it.

**Mr. MacDonald:** I will pass it on to Mr. Foulds and he can get it to you.

My point is simply that if the agent was doing his job in the first instance, there should have been an accurate acreage. By cutting down the acreage and cutting back on the insurance coverage after the farmer had received it, operated on the assumption that he had it and borrowed money at the bank on the basis of that protection, it seems to me you are being grossly unfair in having an adjuster come in and eyeball it down to one third.

**Hon. Mr. Henderson:** Could the member tell us if the farmer had the one third less?

**Mr. MacDonald:** I did not go out and measure it.

**Hon. Mr. Henderson:** Does the farmer claim he has more?

**Mr. MacDonald:** May I say to the minister he is missing the point? It was the agent's job in the first instance to measure and make certain the acreage was correct. I do not know whether the farmer exaggerated his acreage or not. If he was exaggerating his acreage, surely it was the agent's responsibility to make certain the acreage was correct, not write up a policy that was wrong and then have an adjuster come back and cut it back.

**Hon. Mr. Henderson:** It is not the usual procedure for the agent to go out and measure the acreage. They reserve the right to measure it but it is not usual. The usual thing is to write up the acreage.

**Mr. MacDonald:** Do you mean he accepts the farmer's view of it?

**Hon. Mr. Henderson:** Yes. Farmers are very honourable people.

**Mr. MacDonald:** I would assume they are very honourable.

**Mr. McKessock:** About 98.9 of them are right.

**Mr. MacDonald:** You and I are not talking on the same wavelength. If the farmers are honourable people, then the adjuster who came in and eyeballed it down by one third was not a very honourable person.

**Hon. Mr. Henderson:** I do not know until I get the names, but it might have been that when that agent got back, he may have known the total acres on that farm and knew they did not add up, so he sent the adjuster out. That may have been the case.

**Mr. MacDonald:** The agent sent the adjuster out?

**Hon. Mr. Henderson:** It may have been an inspector. Give me the cases because I would really like to follow through on them.

**Mr. MacDonald:** Let me move to a second case.

**Hon. Mr. Henderson:** Is it possible you could have them for me in the morning so that I could report?

**Mr. MacDonald:** I will speak to Mr. Foulds and he can get the information to you. I have it here but it is in a letter that was written to him. I do not know whether he wants to give you the letter in total or just the substance of it.

**Hon. Mr. Henderson:** If he wants to give me the names, we will certainly look into it.

**Mr. MacDonald:** Let me go to a second case. Again, it is with regard to technicalities as to how you operate. I got a call from a winter wheat producer in southwestern

Ontario who said that this year's winter wheat crop sprouted in the head before it was harvested and, therefore, it was cut back to the utility grade, something less than the top grade.

**Hon. Mr. Henderson:** It could have been graded three, four, five or six.

**Mr. MacDonald:** Anyway, it was cut back. The acreage for the next year is not back because of this year's reduction in grades, so next year they will not be able to get total coverage. The person asked me why that would be, and I confessed to not being thoroughly familiar with it.

**Hon. Mr. Henderson:** I am not sure what the question is, but I am well aware that wheat production was much higher this year. Even though it was a five and six grade wheat which reduced it by \$40 to \$60 a metric ton, the increased bushels gave them the same dollars per acre as another year's crop would have. In other words, to help the member, this year quite a few fields of wheat in southwestern Ontario ran from 70 to 100 bushels to the acre. In the past, the yields have been 50 to 80 bushels per acre. It was up about 20 bushels to the acre. We had a terrible amount of sprouted wheat that took it down from top grade.

**Mr. MacDonald:** But you are not addressing the question as I see it. The question is: Why is the acreage not back next year, even though this year they were not able to get the full insurance coverage?

**Hon. Mr. Henderson:** I am not aware of any cutbacks in acreage.

**Mr. MacDonald:** That is the point that was asked, that the acreage will be cut back next year. Is that not true?

**Hon. Mr. Henderson:** No, there is no cutback in acreage.

**Mr. MacDonald:** Can they be sure the acreage they can insure will not be cut back?

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** Is there not a percentage that goes up? It is 70 per cent, then 73 per cent and so on. There is a graduation in it.

**Hon. Mr. Henderson:** Seventy per cent of known yield in the area. That does not affect the acreage. They must have given you some wrong information. By the way, Mr. Ediger is home sick tonight with the flu. I would like it if you passed that information on because there is a misunderstanding.

**Mr. MacDonald:** I will get some more specific details on it.

8:50 p.m.

**Mr. G. I. Miller:** Mr. Chairman, can we not clear this matter up because it is based on bushels per acre? If there is crop failure and a farmer's bushels per acre go down, then his payment goes up. The farmers establish bushels per acre and if the crop sprouts, that doesn't affect the bushels per acre. Does it, Mr. Minister?

**Hon. Mr. Henderson:** I don't think there was any argument about the bushels per acre.

**Mr. G. I. Miller:** He was talking about sprouts.

**Hon. Mr. Henderson:** Yes. He said sprouts. As I understand it, and Mr. MacDonald can correct me, because of the sprouts they reduced the number of acres they would let him insure this year. Isn't that what you said?

**Mr. MacDonald:** That was the information I had.

**Hon. Mr. Henderson:** That is what you were coming to.

**Mr. MacDonald:** I will double-check that and I will get the details to you directly.

**Hon. Mr. Henderson:** To correct the member over here, I said the wheat production this year was 15 to 20 per cent above expectations. Does Mr. Miller fully understand what I said? Has he got a misinterpretation?

**Mr. G. I. Miller:** I don't think they explained it too well. Is there anybody here from the crop insurance who can expand it a little more fully?

**Hon. Mr. Henderson:** What did you want explained?

**Mr. G. I. Miller:** You establish a record of production and your insurance is based on that production for a graduated period of five years. Is there nobody in the ministry who is qualified to explain that?

**Hon. Mr. Henderson:** Yes. Five years production establishes the yield for the area.

**Mr. G. I. Miller:** So it is not sprouts that determine it, is it? It is bushels per acre.

**Hon. Mr. Henderson:** What I felt Mr. MacDonald was saying, if I remember his first remarks, was that the wheat sprouted in the head before it was harvested. That was his comment, with which I agreed. Many of us in southwestern Ontario can tell you we had 10 per cent of the wheat taken off without sprouts. Then we got a terrible situation with the wheat and we got into sprouts. Mr. MacDonald went on to say, which I misunderstood, that it was his understanding this individual had his acreage reduced.

**Mr. MacDonald:** He will have it reduced next year.

**Hon. Mr. Henderson:** That is not correct. What I said is that is not occurring.

**Mr. MacDonald:** Let me check into that and I will get back to you.

**Hon. Mr. Henderson:** Yes, get back to us.

**Mr. MacDonald:** Let me go to a final point. Now we have rescued Elgin county, perhaps we can get back to the estimates.

**Hon. Mr. Henderson:** Mr. McNeil was telling me that the number of bushels he could insure was down. The yield in his particular area was down enough due to the last five years' production that he couldn't insure as many bushels per acre even though he produced 90 bushels to the acre. The production for the area was down.

**Mr. MacDonald:** If I were more of an expert on this, I could really get the answers I am seeking but I confess I am not.

**Hon. Mr. Henderson:** Maybe that is a problem.

**Mr. MacDonald:** Let me go to my final point on crop insurance. Am I correct that agents are paid on the basis of a commission on the insurance they sell?

**Hon. Mr. Henderson:** Mr. Regan, assistant general manager of the Crop Insurance Commission of Ontario, is here.

**Mr. Regan:** If I may, on winter wheat, if wheat has sprouted, whether a claim is paid or not depends on the size of the crop produced and on the grade at which the wheat is sold. If it's an 80 per cent sample, if a man had 1,000 bushels of sprouted wheat, for insurance purposes with a graded sample or feed we would count 800 bushels. If he was guaranteed, let us say, 1,000 bushels, he would go from a no-claim position to a claim for 200 bushels. Then that yield per acre is plugged in for his average for next year.

**Mr. McGuigan:** Do you mean 800 bushels per acre?

**Mr. Regan:** Yes, 800 instead of 1,000.

**Mr. MacDonald:** That is the reduction I think my informant was talking about.

**Mr. Regan:** There is no reduction in acres.

**Hon. Mr. Henderson:** Let us answer Mr. MacDonald a little bit further. What is the average bushels per acre they do insure?

**Mr. Regan:** It depends on the individual's average yield and the county he lives in. Perhaps 80 bushels is a good average to start at.

**Hon. Mr. Henderson:** Do most of them insure at the average?

**Mr. Regan:** The agent is supposed to underwrite the grower according to how he finds him as a farmer. He starts at a bench



mark yield if he is an average farmer. If he is above average, he starts at a ceiling yield; from then on his own average is plugged in until at the end of five years he is on his own individual average yield.

**Hon. Mr. Henderson:** At the end of a five-year period.

**Mr. Regan:** That is right. If he is a good grower, he has a high yield; if he is a poor grower, he has a poor yield.

**Hon. Mr. Henderson:** So he establishes his own record.

**Mr. Regan:** That is right.

**Mr. MacDonald:** The agent is paid a commission on the basis of the acreage of insurance he sells?

**Mr. Regan:** That is correct.

**Mr. MacDonald:** Am I correctly informed that in addition to the commission there is some sort of a fee? How does that fit into the picture?

**Mr. Regan:** There is a yield fee he would collect at the end of the year if he is charged with going out to pick up the yield, which is quite a job. In some cases he may have to climb a silo and take a look at what is in there to get the total yield. He gets a yield fee for getting the yield on a crop in the fall on its average.

**Mr. MacDonald:** He gets a commission on the acreage he sells in the first instance and he gets a yield fee after the harvest?

**Mr. Regan:** That is correct, he is an agent who does pick up yield. Some agents do not want to pick up yield because it could be quite a job. In that case we would send an inspector or adjuster out to do the job. But if he is a yield-gathering agent, if I could use that term, he gets a fee.

**Mr. MacDonald:** Now that I have that clear, let me put to the minister something that has been drawn to my attention that strikes me as having a measure of validity. If there are about 125 crop insurance agents across the province there were 20 of them who made in excess of \$20,000 for what amounts to about four months' work. This resulted from a combination of the commission and the yield fee. The argument was that is a little rich, particularly since the agents are all operating in territories that are within a very short distance of their homes. In this instance it was 10 miles. That may not be totally accurate. Have you examined the earnings of the commission agents and come to the conclusion they are fair? Or is this part of the great Tory patronage system and how you grease the wheels?

**Mr. Regan:** A crop insurance agent has only three or four months basically to get his work done with crop insurance. He has to be paid a reasonable amount, and the plans for crop insurance are fairly complicated. It takes a lot of training and expertise to do the job properly, and we are continually trying to improve our agency staff in the field. We do not think from the way some of these fellows work they are being overpaid.

**Mr. MacDonald:** I suppose it is a matter of judgement. I assume they are doing this agency work as a part-time job for the four months in which they are working and that they are not collecting unemployment insurance for the other eight months of the year. The argument strikes me as having a measure of validity. If an agent is able to collect \$20,000 for about four months' work—at least 20 of them, I am informed, earned over \$20,000 in that four-month period—it is a little rich. I grant you have to give a man adequate compensation for his hire and skills, but \$20,000 for four months' work is ending up as about the same salary proportionally as William Grenville Davis gets for the year.

9 p.m.

**Hon. Mr. Henderson:** Mr. Chairman, I do not know any of these agents out in the province. I would have to admit I do not even know who the agent is in my home area. I have never had crop insurance—I am one of those neglectful farmers who have not had it—but it is my understanding these agents work very long hours in the periods they do work. It is a six or seven o'clock in the morning until midnight job during the four-month period.

**Mr. MacDonald:** It is the average the farmer works all the time.

**Hon. Mr. Henderson:** A farmer works similar hours, yes. During the four-month period, I would suggest the agent possibly puts in as many hours as most labour people do in that period.

**Mr. MacDonald:** I have drawn it to your attention and if you think it is fair, we will see what the feeling is out there now that the information has been drawn more broadly. I have one final point and then I will leave it.

**Mr. Riddell:** Is this still on crop insurance?

**Mr. MacDonald:** Yes.

**Mr. Riddell:** I have a supplementary for the minister. Is crop insurance available to farmers on muck lands?

**Hon. Mr. Henderson:** It is based on the crop they are growing, is it not?

**Mr. Regan:** On onions it is.

**Mr. Riddell:** They were studying it in the Holland Marsh and it was brought to my attention. I only learned at that time that crop insurance was not available for that situation. Why is that? Why cannot farmers growing muck crops get crop insurance?

**Mr. Regan:** Back about 1972, the onion growers in Grand Bend requested a plan for onions. The crop insurance commission met with the onion growers in the province and brought in a plan for them. When we explained the program to the Bradford growers at their convention, they said it was a scheme to keep the growers in business in Leamington and Grand Bend and they would not take part in it and buy the insurance. From then on, every year we have appeared at the convention in Bradford and explained the onion program, but there has been no interest in onion insurance in the Bradford marsh.

**Mr. Riddell:** What about crops other than onions? Are you suggesting that only onion growers could get crop insurance if they ask for it?

**Mr. Regan:** No, on the contrary. Henry Ediger sent a letter out to all the growers' associations saying that if they wanted crop insurance on their commodity to form a group and to come in and meet with the commission. The Bradford growers have never responded to that request.

**Mr. Riddell:** The reason they do not have crop insurance is that there has never been a request by the producers of cold crops.

**Mr. Regan:** Exactly.

**Hon. Mr. Henderson:** Maybe Mr. Regan should explain what has happened in the potato industry. That is a good example which you might like to know about. Explain the potato situation.

**Mr. Regan:** Back in 1969 it was kind of the same story. The commission met with potato growers of the province to have an insurance plan. At that time, a plan was brought in for potatoes which was more or less tailored for the Alliston area with its low land, a lot of which is on the flats where there are drainage problems in some cases.

At the time, the growers in Alliston did not buy it because they wanted spot loss. If one had 200 acres of potatoes and 15 acres were washed out, there would be no claim under our program, but they wanted there to be a claim for those 15 acres. The premium spot loss crop insurance would be tremendously high. As you well appreciate, a lot of the low land could be planted to a crop and down the road collected on crop insurance.

At the most, there have been about 40 potato growers in the program out of about 1,200 in the province. The Alliston growers would not buy it because there was no spot loss. So the commission finally sat down and decided that if the potato growers were seriously thinking of crop insurance, they would have to meet with the commission to show that interest. Otherwise, we would just be getting the growers who were slapping the crop off, if I can use that expression. It is going to freeze in this province somewhere along the line, and then these growers would be collecting insurance. They would just leave them in the ground.

One of the big problems with potatoes has been the terrible price. It has not been a problem producing potatoes. It has been a problem of getting a reasonable price for them.

**Mr. Riddell:** Apart from corn, soybeans and white beans, what crops are you really insuring?

**Mr. Regan:** We insure all the processing crops. We cover 80 to 85 per cent of the acres of tomatoes. We cover the seven main food crops, some of the smaller crops like cucumbers and tobacco crops, of course. We all know what the tobacco situation has been.

**Hon. Mr. Henderson:** Maybe you should have gone a little further and told them how expensive this premium gets. It really scares the potato people off when they have to pay it.

**Mr. Regan:** The last potato premium was \$22 an acre. I can think of an example like peaches, for instance, out of Niagara, where the premium rate to cover that—Mr. McGuigan may know this—has to be raised to 45 per cent just to carry the crop of peaches. We could get into a lot of things here, but if the program is not correctly set up and administered properly, the premium rate can get prohibitive, even though the federal government contributes half of the subsidy.

**Mr. Riddell:** What does that 45 per cent represent again?

**Mr. Regan:** For every \$100 coverage on peaches, a man would have to pay 45 per cent.

**Hon. Mr. Henderson:** A \$45-premium.

**Mr. MacDonald:** It is about \$35 or \$36 according to the annual report of crops covered. It is on page 11 in the annual report.

**Mr. Regan:** Are those all the questions you had on crop insurance?

**Mr. MacDonald:** A final point, Mr. Chairman, I would like a little more detail on

picture on what the ministry is doing with regard to the whole energy problem. On June 10 I know the minister announced the establishment of a committee jointly chaired by your deputy and by the Deputy Minister of Energy and there are five or six distinguished farmers there as well. I was intrigued—in fact, it was shades of William Hearst and the temperance people of yesteryear in the Tory party—that on September 2 the minister was going to give an incentive grant to assist farmers to install ethanol stills on their farms. That must have had some of your Tory antecedents turning over in their grave.

What has happened? I grant you it is only 10 weeks since you announced this. The grant is a maximum of \$15,000 on any on-farm construction and \$20,000 for a still installed by a small group of farmers. What sort of a response have you had? There has been a lot of counter-argument in stories in Farm and Country indicating the first enthusiasm for ethanol is waning. Further stories indicate that the net energy increase is not as great as had originally been thought. Is this program developing encouragingly or has it stalled?

**Hon. Mr. Henderson:** The original committee was announced, I believe you said, last June. That is chaired by the two deputies. I forget the date in June.

**Mr. MacDonald:** June 10.

**Hon. Mr. Henderson:** We hope that committee is going to make recommendations some time in January.

**Mr. MacDonald:** This coming January?

**Hon. Mr. Henderson:** Yes. We hope that committee will report and will disappear at that time after it has reported.

As a follow-up and as a startup, if I might put it both ways, as a follow-up of June and as a forerunner of January, we appointed Mr. Brubaker, who was the head of engineering in Guelph, as the director in charge of energy for the Minister of Agriculture and Food. Mr. Brubaker will have an office at 801 Bay Street with the necessary staff and will channel any information out to farmers.

9:10 p.m.

At practically every meeting I went to during that period when the scare was on, all types of farmers came up and asked me about it. Maybe they could spend \$50,000 or \$100,000 to put an ethanol plant in operation. They might have a dairy operation. I'm sure the member knows after they produce the ethanol it does increase the protein. These dairy farmers and hog farmers are

looking at producing their own protein, their own concentrate. At the same time, they are looking at the possibility of putting in an ethanol plant that would maybe supply the complete neighbourhood with gasohol. They are looking at that now. Mind you that is not a small operation. They have about 100 operations of a similar nature in Michigan.

**Mr. MacDonald:** They are selling it at the pump in Manitoba. In that province they have moved fairly well along the way with gasohol.

**Hon. Mr. Henderson:** Yes, we realize that.

**Mr. Lantz:** They haven't started there yet. It is the Mohawk refinery starting just north of Brandon. They are going to contract grain barley in the spring and begin operations next spring. They haven't really started yet. It is the Mohawk oil refinery.

**Hon. Mr. Henderson:** Then I have the big farmer who wants to do that and supply the neighbourhood. I have the little farmer who has a couple of thousand bucks and thinks he can make gasohol.

**Mr. Riddell:** Has the \$200,000 bond been waived?

**Hon. Mr. Henderson:** No, I am not aware of any waiving of it.

**Mr. Riddell:** Is that a prohibitive factor at all?

**Hon. Mr. Henderson:** That is certainly a factor. We make them aware of that, but we do have six applications.

**Mr. McKessock:** How many have you granted?

**Hon. Mr. Henderson:** We have not granted any.

**Mr. MacDonald:** So you have had six applications in the 10 weeks since you announced this incentive grant?

**Mr. McKessock:** What is the holdup in granting the \$17,000?

**Hon. Mr. Henderson:** When an application comes in it is for a plant that might cost up to \$100,000 and there has to be a little bit of technology. Our director, Mr. Brubaker, has not got them all evaluated yet.

**Mr. MacDonald:** You beat the gun on the report from your energy committee in January with this one project. Is this the only project you have moved on so far, this one on ethanol stills?

**Hon. Mr. Henderson:** There is a lot of research, but we hit every plant. We did not feel that was a forerunner of the report.

**Mr. MacDonald:** I would like to go back just briefly to our discussion in the last session



of the committee—maybe it was the second last; I think I missed one—of the growing of poplar in the South Nation River proposals and so on. Are you proceeding with that, particularly since there were protests from the farmers that you were, in effect, going to be servicing the woods industry of Cornwall?

**Hon. Mr. Henderson:** Of course, you realize it is methanol, not gasohol. But there is a study going on at the South Nation River that will decide the best use for it.

**Mr. MacDonald:** That \$1.8 million in studies.

**Hon. Mr. Henderson:** Yes. It is not the Ministry of Agriculture and Food that is involved with poplar.

**Mr. MacDonald:** I have one final question, if I may. When are we going to get Gord Bennett's study on the survival of the family farm?

**Hon. Mr. Henderson:** I would hope to have it by the end of the year.

**Mr. MacDonald:** The end of this year?

**Hon. Mr. Henderson:** Yes, I would hope so.

**Mr. MacDonald:** It will be made public, I assume.

**Hon. Mr. Henderson:** I would hope so.

**Mr. MacDonald:** You will be the man who will make the decision.

**Hon. Mr. Henderson:** Yes.

**Mr. MacDonald:** We have a Freedom of Information Act that insists—

**Hon. Mr. Henderson:** I have no reason to think it will not be made public.

**Mr. Villeneuve:** Mr. Chairman, I want to revert back to milk. I am not being critical, but I am telling you there are two and a quarter million more people in Ontario than in Quebec, which has 50 per cent more of the industrial market for milk production. That is water under the bridge. That is past. No government is going to change it. If we want to keep harmony and understanding in this country, we just have to forget about it at the moment.

Something is radically wrong. This gentleman, Mr. G. I. Miller, pointed out about the small cheese maker who was telling him he could not buy milk, because it was not available. The plant I spoke of that is getting 48 per cent of its milk from Quebec now, and with 600 miles return transportation, I know it is costing them, at least \$2.50 minimum more than they have to pay the Ontario Milk Marketing Board. They were in touch with Mr. McKinnon and he

said there was no more milk available. That is the production there is.

A few years back you will recall I gave figures. We could not export cattle out of eastern Ontario because we had an outbreak of brucellosis. We were barred from exporting for three years. That is what has kept eastern Ontario alive in the last 50 years, the fact that it works as a cash crop—they can sell a surplus of dairy cattle to the United States and now the Quebec market. So this has been something fundamental and necessary.

But when they were closed off, they had these cattle to milk, and either spill out into the ditches milk worth in the neighbourhood of \$10 or \$11 a hundredweight at that time, or to ship it and try to keep their cattle fed up and get returns of anywhere from \$1.90 to \$2.60 in the months of January, February and March. Those of you who are farmers and know you have to feed, will agree it is very discouraging. It is a situation where you do not have to fight communism from without; you are going to create it from within.

These fellows were burned. The situation is completely reversed today. They can sell a springing cow, a fresh milk cow, a commercial cow, a good Holstein cow from \$1,800 to \$2,000 to ready buyers. They are coming from the States—that buyer is not there any more; the province is cleaned up as far as eastern Ontario is concerned—or Quebec. They are not taking a chance on getting burned, because most of those people who are not well-organized farmers—that is, people well established for years and out of debt—are carrying heavy mortgages. Therefore rather than take a chance on getting burned when they know they can get their hands on \$2,000 per cow, they are not going to take that chance.

I agree with what Mr. MacDonald stated that we have to find some way of creating a fund through this ministry in Ontario to increase production up to 105 per cent.

**Mr. J. A. Taylor:** Take a risk.

**Mr. Villeneuve:** Exactly. I said the other day that Mr. Whelan was a fair-minded man. There were problems created for him too because, after all, the federal government in fairness, pays a very heavy subsidy on industrial milk. If we were allowed to produce over 100 per cent and had to pay a subsidy on that, I know what a jam he would be in with other provinces in the country.

On the basis of that, I can understand this problem. But, on the other hand, Al

Foods have markets for four million pounds of aged cheese. They are ageing that now in cold storage. I say Ault Foods, but it is owned by Labatts. Whether we like large corporations, they do an exceptionally good job of marketing. Therefore, if they are in a position to handle that and export it out of the country, I believe these are things that can be worked out privately, with common sense, with the Minister of Agriculture and Food, the Ontario Milk Marketing Board and the officials in Ottawa to arrive at a satisfactory solution.

9:20 p.m.

I do say, in all fairness, that although everybody has an opportunity to bid on quota the situation is such—Mr. Riddell, you are aware of this—that the little fellow who has \$100,000 of a mortgage and perhaps 300,000 pounds quota or less is not in a position to bid the same way as the well established farmer who has 800,000 and can go to 900,000 and has the ready cash to buy that quota.

In my judgement a little common sense has to be used by the milk marketing board to help the little fellow become a viable operator, if we are going to try to conserve the family farmer. In my area, the well established farmer of 200 acres is the fellow who is out of debt, milking 30 or 35 good cows and he has sufficient quota. The fellow who is milking 170 cows—one of them—is in debt.

Frankly, I do not see—and I am saying this while it is in my mind—where any government, federal or any other, should have to subsidize that fellow \$45,000 for producing 1,800,000 pounds of milk. That is the quota he has. I would rather give that to 10 small farmers, or medium size with 10 or 35 cows, whatever it may be. However, that is the way the system works. I realize it is not easy to draw up a scheme to satisfy everybody.

On the other hand, leaving aside bickering about subsidizing or anything, farmers are not looking for handouts. But if the majority of those small farmers with fewer than 35 cows could add five or six cows to their herd it would mean at least 12,000 a year in extra income for them. It would make the total difference between just living and enjoying life without having to worry. As I see it, it can be worked out with common-sense approach. It does not make sense to me, here in November and December hauling milk in, a return trip of 600 miles, to supply a factory that cannot meet the demands they have products sold for.

Let me say this, before I finish. There are many more products made from the milk base today than there were a few years ago. This is again creating a shortage of industrial milk. Naturally the system in Ontario works well. As they are in the business, if they want to graduate into pool one, the food-milk shippers are automatically allowed to do so on a percentage basis. That is fair. As far as eastern Ontario is concerned, we would not have the outlets in this province for pool one shippers. We do not have the population.

Nevertheless, the fact is—and I am thinking in terms of the small family farm, I'm not talking about the small farm, most of them have 200 acres in the 30 to 35 cow bracket, where they have to produce to have a viable operation—if we guaranteed up to 105 per cent, whatever differential there was, and worked it out with the federal authorities on the basis of exporting what we can, I think we could come to an arrangement very easily. But I do not think they are going to change the quota. Let us be reasonable and fair—

**Mr. J. A. Taylor:** We are not producing to our quota because we have farms—I know in my area—where the farmers are intimidated in case they go over quota, because of what happened a few years ago.

**Mr. Villeneuve:** That is right. That is my feeling too.

**Mr. Gaunt:** That is why Osie's suggestion would solve this.

**Mr. J. A. Taylor:** Certainly it would. That is where there was an interjection. This is where I started with Mr. MacDonald on the quota business because there is an imbalance in Ontario as opposed to Quebec. We had some tough knocks a few years ago. Maybe we are now not meeting our quota because of the fear that is there. All I am saying is when the government steps in and regulates—this is where you were hitting me, Mr. MacDonald, on the philosophical ground—when the government injects itself and regulates and I am not opposing what has happened there—

**Mr. MacDonald:** It stepped in at the request of the farmers.

**Mr. J. A. Taylor:** I am not denying that. What I am saying is, when one has that government presence, one looks to government for some assurance as well when the quotas are imposed and one perhaps suffers because of overproduction. We are not meeting our quotas.

You were talking about the Winchester plant, Mr. Villeneuve, where half of that milk for Ault Foods is coming from Quebec. There is an Ault Foods plant in Napanee; 48 per cent of the milk is coming from Quebec. What I was saying is we can produce more in Ontario. We could meet our quota.

Mr. Riddell: I do not think anybody argues with that. We support them, Mr. Villeneuve. But I think the Ontario Milk Marketing Board would disagree with you when you say that the small operator, the small family farm cannot get more quota off the quota exchange. They seem to indicate to me that the small farmer has just as good a chance on the quota exchange as the larger farmer.

Mr. Villeneuve: I am not saying that. What I said, and I made it very clear, is that as far as money is concerned, most of them are carrying \$100,000 mortgages and they do not feel in a position to pay 15 per cent or 16 per cent on money to buy quota. That is what I am getting at.

Mr. J. A. Taylor: It is the price of the quota one is buying, not the farm. I know in Prince Edward county not too many years ago, there were seven or eight cheese factories; they have one now. They were not in a position to bid the price when the quota came on the market. It is different with Ault Foods, for example. It does not matter what the price is.

Mr. Villeneuve: They can afford it. You say the small plant cannot afford to truck milk at the price it would have to pay to sell its goods at retail.

Mr. Riddell: Speaking of cheese factories, Mr. Minister, why is it that the milk marketing board is endeavouring to close out the cheese warehouses in the Belleville area?

Hon. Mr. Henderson: Storage facilities.

Mr. Riddell: Why are they closing out the cheese storage facilities down there?

Hon. Mr. Henderson: As I understand it, there have been several new facilities built over the period.

Mr. Riddell: In the same area?

Mr. MacDonald: There is an anomaly there. Mr. Riddell, I do not know whether you were there at the time but they talked about that up at Geneva Park this year. It is true they are closing out because they were losing money. They were not able to use their warehouses. What I could not understand is that while they are closing down, Black Diamond or somebody else is building new facilities.

Mr. J. A. Taylor: There have been new ones and an expansion.

Mr. Villeneuve: Mr. Riddell, at one time, years ago, the cheese marketing board built those facilities. All cheese factories sold on the board and the cheese was centred in cold storages there. Since the milk marketing board has gone into operation, these larger operations like Ault Foods, which is Labatts, and Kraft that control over 85 per cent of the industrial milk between Toronto and the Quebec border have their own facilities or agencies which look after them close to their manufacturing plants. Therefore, they contact large organizations like Loblaw's or Dominion Stores, whatever it is.

I happen to know that Loblaw's was buying butter in Quebec. Ault just got an order for five million pounds. One thing one has to give them credit for, they produce a top quality product. Whether we dislike them or not, they have the ability to produce and give satisfaction as far as a quality product is concerned. They are branching out. They are growing. It is a large organization. You can see the little fellow has no chance at all against them.

9:30 p.m.

Mr. J. A. Taylor: But they are not holding it either in terms of storage. The crop passes through in a year instead of two or three years.

Mr. Villeneuve: They have four million pounds of last year's cheese in storage right now.

Interjection.

Mr. J. A. Taylor: No, I am talking about the warehousing.

Hon. Mr. Henderson: This was fully debated there and it is an economic situation. It is my understanding that the representatives of the Ontario Milk Marketing Board are going to Belleville on December 10 to try to explain the situation.

Mr. Riddell: I know they are not very happy down there.

Hon. Mr. Henderson: I understand that.

Mr. Villeneuve: They are selling the cheese. It is better merchandise.

Hon. Mr. Henderson: It is there. I think the bigger plants have built their own. It is cheaper to build their own instead of having to move it. That makes sense. This was a great opportunity when we had the small cheese plants—a place for each one to store. That will be fully explained at the meeting.

Mr. Villeneuve: You have to give credit where credit is due. The chain stores have made a wonderful job of merchandising the product. I can remember 35 or 40 years ago



when you went to a country store and lifted the cover off the cheese a swarm of flies would come out. You do not see that any more because people would not tolerate it today, but that was a reality of life and we lived through it.

**Mr. Gaunt:** It had a flavour all of its own.

**The Acting Chairman (Mr. McNeil):** Have you completed your remarks, Mr. Villeneuve?

**Mr. Villeneuve:** Yes, I am finished.

**Mr. McKessock:** Mr. Chairman, the milk business is a very complicated industry and it does not get any less complicated every year. When I was in the business it was hard to keep up with it.

**The Acting Chairman:** Is this a supplementary?

**Mr. McKessock:** Yes, it is a supplementary, Mr. Chairman. We have, in the past, brought in Ken McKinnon from the Ontario Milk Marketing Board to discuss this with us and answer our questions. I think it would be a good idea if we could set aside an hour or hour and a half so that Mr. McKinnon or somebody from the board could come in and bring us up to date on their policies and be available to answer questions.

**Hon. Mr. Henderson:** Mr. Chairman, let us decide. Would that be the wish of the committee?

**The Acting Chairman:** Yes, I think so. I would like it as far as I am concerned, but I should not speak for the rest of the party.

**Hon. Mr. Henderson:** We will see if he is available tomorrow morning or Thursday night.

**Mr. J. A. Taylor:** It is certainly important to my area, Mr. Chairman.

**Hon. Mr. Henderson:** We will be very glad to arrange it.

**Mr. MacDonald:** Summon him on a Speaker's warrant.

**Mr. McKessock:** Is there a chance he could be contacted tonight so we would know before we left tonight whether he will be needed here in the morning or not?

**Hon. Mr. Henderson:** He should be listed in the phone book. He has the apartment right below me in the Sutton Place. Will you see if he is listed in the phone book? The Ontario Milk Marketing Board should be listed. It is apartment 1905.

**Mr. Riddell:** But there is a good thick floor between your politics.

**Hon. Mr. Henderson:** No, I am not sure of that. I think it is getting thin. It is coming together.

**Mr. Gaunt:** He is a constituent of mine.

**Hon. Mr. Henderson:** Just watch it, Murray, you will get me in trouble.

**Mr. McKessock:** You did not miss one vote, did you?

**The Acting Chairman:** Irrespective, he is a good man. He cleaned up a lot of dirt in my area.

**Hon. Mr. Henderson:** Yes, he did.

**Mr. McGuigan:** I believe we are still on item 5, are we?

**The Acting Chairman:** That is right.

**Mr. McGuigan:** Before we leave the question of crop insurance, I thought we had some sort of understanding with the minister at one of our previous meetings that he would look into and perhaps call a conference of those producers who are not now covered by marketing boards towards looking at whether or not a crop insurance plan could be devised for them. Am I correct in that recollection of the previous meeting?

**Hon. Mr. Henderson:** I remember you proposing something of that nature. I think you added one or two words to it tonight. I think you added some supplementaries. I remember you suggested I should call a conference with those people who are not involved with marketing boards or marketing legislation to get the feelings of that area. I think maybe you have added to it tonight. Is that not correct?

**Mr. McGuigan:** I do not recall my exact words.

**Hon. Mr. Henderson:** That is what I remember.

**Mr. McGuigan:** Just to add this to it, it may well be that in some instances the cost would be too great.

**Hon. Mr. Henderson:** As was mentioned earlier, in the last three weeks or so the commission has met with the marsh people. There are continuous meetings with groups. But did I take it you meant a meeting of individual farmers who are not associated with the Ontario Federation of Agriculture or other farm unions?

**Mr. McGuigan:** I do not think you will find anybody who is not associated with one of the major farm organizations, or a very few people who are not.

**Hon. Mr. Henderson:** I think you will find about half the farmers out there are not.

**Mr. McGuigan:** I think if you broke it down to where the production is coming from, most of the production is coming from people who are members of these organiza-

tions. I do not see whether or not they are a member of a farm organization is part of the question. It is whether or not they are a member of a marketing board.

**Hon. Mr. Henderson:** I remember your proposal. Is that fair enough?

**Mr. McGuigan:** Yes. I would like to say a few things about energy, and about this problem we have of food prices outstripping the general inflation. It is predicted that for the coming year food prices will go up 15 or 16 per cent whereas the general inflation rate is probably in the range of 10 to 11 per cent. I would like to suggest that will continue and as long as energy prices—I am speaking mostly of liquid fuel—continue to escalate then we will see a continuous outstripping by food prices of the general inflation rate.

I base this on the fact that modern agriculture today is largely built upon energy. The power required to run the tractors and all the various equipment is liquid fuel. Fertilizers, nitrogen fertilizer in particular, is based upon petroleum fuels. The cost of mining and transporting the other fertilizer elements such as the potash from Saskatchewan and phosphorous, which largely comes from Florida, the cost of moving, milling, bagging and transporting them out to the farm is all based upon liquid fuels.

Wherever you turn you find a direct equation between the cost of liquid fuel and the cost of food. What I suggested to the Minister of Consumer and Commercial Relations (Mr. Drea) was that through your influence, and I am suggesting it here to you today, with the energy policy not only at the provincial level but also at the federal level, we have a two-price system for energy used in farming, probably in forestry, mining, fishing and other basic industries that would sort of break that cycle we are in. I cannot see any break in our present system. We will just continue soaring on with this inflationary system, with food prices outstripping general inflation, which of course leads to demands for higher wages, quite naturally.

9:40 p.m.

If we are going to break that, it seems to me a system would be to have one price for energy that is going into basic production and one price for energy that is going into transportation, especially, in which savings can be made. The small cars, even the K cars I am told, are meeting with some resistance now at the consumer level because of their high price. When a person looks at the three or four year old car he presently has, which is more comfortable and so on, and

when he works out the economies of continuing to drive that older car, looking at his interest costs et cetera, he decides it is to his advantage to stay with the older car.

The way we have to change that, of course, is to raise the price of fuel at the pump for personal transportation. It seems to me this would get our factories working again because then people would be more likely to get rid of that old gas guzzler and buy a modern fuel-efficient car. I suggest this to you as one thing you should be looking at as Minister of Agriculture and Food.

**Hon. Mr. Henderson:** Mr. Chairman, may I ask the member if he is proposing that we should increase the gas tax?

**Mr. McGuigan:** Yes, it could be the gas tax. It could be the basic price of fuel, to encourage more production of fuel.

**Hon. Mr. Henderson:** It would help or hinder, I do not know which—you might say hinder. But I am sure you realize that the basic price of fuel is set by the federal government. The only controls we would have would be in the form of additional tax, if it comes under us.

**Mr. McGuigan:** You do have influence I am sure, and you do discuss fuel prices with the federal people.

**Hon. Mr. Henderson:** We think we have but it does not get many results.

**Mr. McGuigan:** That does not stop you from taking—

**Hon. Mr. Henderson:** But you believe that one solution would be to increase the costs?

**Mr. McGuigan:** I think we could have a two-price system for fuel, a lower price for basic industries than for passenger automobiles. I suppose taxation is one way you would accomplish that.

**Hon. Mr. Henderson:** Help me, because I am equally interested in this. Let me try to get an extreme in some commodity we really do not need. Surely you can think of one. We could say that, at the moment, we believe that commodity B over here, whatever it is, is strictly a pleasure item.

**Mr. Chairman:** Bus companies and transportation.

**Hon. Mr. Henderson:** An outboard motor company.

**Mr. McGuigan:** I guess you could make that argument. It would be so difficult to administer.

**Hon. Mr. Henderson:** I think it would. But you believe there should be an increase in costs to those people using our roads, but not to the people basically producing foods?

**Mr. McGuigan:** Food and other basic items.

**Hon. Mr. Henderson:** Means of life.

**Mr. McGuigan:** Other basic items, a two-price system. I think it would be a step towards breaking this cycle we are in. Perhaps it can be done.

**Hon. Mr. Henderson:** Mr. Chairman, we will keep these recommendations in mind.

**Mr. McGuigan:** It would be something that could be looked at. There are other things I want to mention under other assistance to primary food production. Next week we have a conference here in the city—I am going and I am sure several other members will be going—about soil conservation.

What has made me very aware of this has been riding the train from Toronto to Chatham in the last couple of years, especially last spring when we had some very heavy rains just as the frost was coming out of the ground. The erosion one could see from the train is alarming. It is a vantage point that you really do not see when you are driving on Highway 401, because your attention is in the road and you are not as close to the farmer's field as you are on the train. When I rode the train this spring and summer when we had very heavy rains, I thought it was really alarming to see the ditches and rills and gullies that are being cut in that land. A big change has occurred, I think one could say mainly in the last five years, in farming practices. The fact is most of this land is now cash cropped. We have short season corn varieties and short season soybean varieties. These are moving—we have to go clean to Ottawa. Some soybean varieties have been tested in Ottawa already. They had they get economic yields there. I see southern Ontario, and I am including the area from Ottawa to Windsor, really becoming one big grain field with rather few exceptions. The farming practices have changed at the point where with the large combines people have, most of those crops are now off by the end of October.

When I was growing corn 10 to 15 years ago, I was picking it with a two row picker and putting it in the crib. My brother and I would be until Christmas time before we got the last of that corn off, so we had no thought of fall ploughing since the ground was generally frozen by the time we got the corn off. Most of these crops are now off by the end of October. The farmer has the plough on his hands and is going out and fall ploughing the land regardless of whether it is clay land. For black clay land, as the minister certainly knows from where he comes from, that is the proper thing to do.

You cannot really farm it unless you do fall plough it. But, I see silt loam soil, sandy loam soils—almost regardless of the type of the soil—now being fall ploughed, because the farmer has the time. He has a big tractor, so he fall ploughs it.

So much of our land is now going through the winter unprotected by the stover that formerly protected the land. It seems to me perhaps the greatest concern today is not land being taken for other purposes, although I certainly am concerned about that, but land that is being lost to erosion.

9:50 p.m.

Just to go back again to my rides on the train and observations this summer, one of the things you may have noticed is that a few years ago when a hillside had a sparse crop, today there is no crop on the hillside. It is absolutely barren and from things I read about US research, they are telling us now that the reason this is happening is that when a farmer puts on his herbicide and he puts it on the whole field, he doesn't leave off these hillsides, and it goes down through that soil that has very little organic matter in it and kills the seed. On the soils that are high in organic matter, there are micro-organisms in the soil that have the effect of neutralizing or biodegrading the herbicides so that the herbicide does its weed killing job on the weed seed on the surface but it doesn't go down and kill the bean or corn plant which is usually an inch and a half to two inches deep, depending on the situation.

I just wonder if the minister or any of his officials have noticed these hillsides that are completely barren now as compared to a few years ago when they might have been sparse. It is an indication to me that there is something wrong. It is growing and we really are not doing very much about it here in Ontario. The US, since 1937, when they brought in their soil conservation laws and set up conservation districts, have had a pretty good system in place. While it has not been perfect by any means—it has its shortcomings—yet they do have a system there that it seems to me we could very well emulate. The Ministry of Agriculture and Food should be taking some leadership in this area. I would just like to have the minister's comments on that particular aspect of my observations.

**Hon. Mr. Henderson:** Mr. Chairman, the member made mention of the conference next week. I am sure you realize that we are cosponsors of that conference. I am sure you are also aware of our farm productivity



program and the eligible items really to cover the areas that you have mentioned. Included here are all the devices on land reshaping designed to minimize soil erosion. Eligible costs include capital costs of devices and charges for earth moving machinery. Use of the owner's own machinery and the owner's own labour are non-eligible expenditures. For items including grass waterways—and this is what you say has been ploughed up—drop inlet spillways, catch basins, tile outlet protection, construction of terraces and contours reclaiming of a gully, seeding or sodding of banks, the assistance is 40 per cent of the capital cost with a maximum grant of \$1,500. My deputy points out to me that we are spending \$6 million to \$7 million this year in that particular grant. My experience and I am sure your experience too, is that the farmers instead of protecting them are now ploughing right through them with the big machinery. That is the point you made.

In most cases, they have put tile drainage in the bottom of the ravine. That is my finding too, but we do have that soil erosion. We are equally concerned. Do you think there should be some type of legislation to force them to—

**Mr. McGuigan:** The legislation in the United States does not force people. It allows for a local plebiscite and it requires co-operation of the farmers in that they do not have to agree to the plebiscite. It does not happen but I really do believe we are coming to a time when we will have to do more than we are presently doing.

One point I did not mention is that on the side of the hills we are seeing totally bare spots. At the bottom of the hills, it was starting to look really evident in many places. Of course, this was a wet summer. I thought of it many times when I was driving around southwestern Ontario. I was out in the west where they have the sloughs because there now are wet spots in a great many fields where the silt has washed down. There is tile under there, but the silt has sealed off those tiles. So we have these two areas. We have the barren areas on the side of the hills. We now have what one might say is comparable to the slough in western Canada in many fields. Has the minister ever seen that himself?

**Hon. Mr. Henderson:** Yes, I have.

**Mr. McGuigan:** Does it not concern you?

**Hon. Mr. Henderson:** Yes. It concerned the previous minister when he came out with his plan to assist in these contours, in these areas you are referring to.

**Mr. McGuigan:** I do not want to knock that program. It is a good program, Mr. Minister, but the amount of money is pretty small in relation to the problem we have. It is a problem that is growing.

**Hon. Mr. Henderson:** Do you really believe it is? I must argue with you there.

**Mr. McGuigan:** I think this problem is really growing.

**Hon. Mr. Henderson:** You stop and think of one or two farmers who have them who might need to put in 500 feet of 10 or 12 inch tile and put up a cement or stone embankment to stop that soil erosion. Forty per cent would mean they could spend \$3,500. There are not that many farmers who have many of those. The average farmer does not have more than one or two.

**Mr. McGuigan:** You are speaking specifically of using this money for tile.

**Hon. Mr. Henderson:** Not necessarily tiles but to control seeding the grassway or what ever.

**Mr. McGuigan:** I think a lot of work needs to be done in the way of contouring fields and strip-cropping.

**Hon. Mr. Henderson:** That is more a matter of farming habits.

**Mr. McGuigan:** It does often require the use of heavy equipment, graders and so on.

**Hon. Mr. Henderson:** Of course, you would agree our farmers are going away from that. Is that not right?

**Mr. McGuigan:** Yes, that is why I am alarmed.

**Hon. Mr. Henderson:** We do not have many of these strip farmers today.

**Mr. McGuigan:** Don't all of us, and you especially as the guardian of agriculture in Ontario, have a duty of educating and helping in every possible way to turn around what I believe is a rather serious matter?

**Hon. Mr. Henderson:** I refer you again to the \$1,500 grant. The Ontario Soil and Crop Improvement Association is concerned about this and has carried it back to local county crop improvement. We have several demonstrations throughout the province. There are several areas where the locals have carried out demonstrations and I would think there will be one item that will be the number one debate among them next week.

**Mr. McGuigan:** I just want to finish the item by encouraging you to give the problem a lot of priority and consideration. I mentioned another item of assistance farmers, primary food production. I do not

think I mentioned this the other night but I remember years ago we had a cold storage program whereby the province would loan one third and the federal people gave a grant of one third.

10 p.m.

As a part of import replacement, I think we have an awful lot of opportunity in this regard. I think perhaps I did speak about this at the other meeting. I simply bring it up again as one of the opportunities that exist to assist in import replacement. I have an article here from the Canadian Horticultural Council. It is a short letter. It says:

"As members know, one of the overall objectives of the horticultural industry is to strive toward import replacement. This was one of the prime reasons for the government in its undertaking of developing the Canadian horticultural strategy. The council office is preparing an industry response to the government as to the policies and programs required to improve our self-sufficiency." They are talking, of course, of the federal government.

"In a recent look at Canadian cabbage production, we came across several interesting figures regarding the 1978-79 cabbage crops. As many of you are aware, cabbage production was up in Quebec in 1979. The total production in Ontario and Nova Scotia also increased. A review of the attached January-to-May unloads in the six eastern markets will give some indication as to this industry's ability to replace imported products. We have highlighted those figures, which are most revealing.

"Certainly one of the more exciting indications is the comparison of unloads in the months of April and May. We also looked at the month of June," it is not shown "and noted domestic unloads for 1980 versus none in 1979. This reaffirms our feeling that cabbage could successfully replace a greater volume of imports over a larger domestic season."

There is a big chart here on all of these. It will not go through the chart, but perhaps could give it to you.

**Hon. Mr. Henderson:** The member will not get any argument from this source.

**Mr. McGuigan:** One of the things that would help in this is cold storage. That is an area, I suggest, in which the province could do something. I mentioned that before, when speaking about hydro rates. I think you will find that most of these cold storage facilities, because they run on 550 volts rather than, say, 220, are all on commercial rates. As I understand it, the relief that was announced—

in the \$20 million—would not help these people a bit.

**Hon. Mr. Henderson:** We do not argue with the statistics.

**Mr. Riddell:** Mr. Chairman, in dealing with this assistance to primary food production, I certainly share your concerns about the family farm and how it is going to continue to operate. I really worry about who is going to operate the farm land in Ontario over the years to come.

I can think of a number of young people who have graduated from our community colleges and who have come home with the intention of farming, and they simply cannot get a start because of the high price of land and the fact that long-term financing is not available to them, certainly not from the Ontario government. I know that the minister does not want to recognize the fact that foreign investment is causing problems to our young people, and that they find it very difficult to go out and compete with foreign investors in the purchase of land.

I defy anyone to try to get good agricultural land, prime one and two lands, in our part of the country, southwestern Ontario, for less than about \$2,500 an acre. In other words, they are paying \$250,000 for 100 acres of land. Certainly foreign investment has helped to drive up the price of that land.

We must recognize there is a problem with the price of land as it has escalated because of foreign investment. Somehow we are going to have to help these young farmers to go out and compete against the foreign investor to buy that land. You are going to have to make available long-term financing. This means you are probably going to have to bring back the junior farmer loans and offer them to these young people in fairly substantial amounts and at a reasonable rate of interest.

I know you are going to say you do not want to duplicate the efforts of the federal government, that it has the Farm Credit Corporation which makes loans to these young farmers. The fact is we probably see far higher prices for land here in Ontario than they do throughout the rest of Canada. I do not think the Farm Credit Corporation has kept pace with the escalating price of farm land. Many of these young farmers are not able to borrow enough money from the Farm Credit Corporation, if they can get it at all. Many of these young people have been turned down; they have not been able to get it.

I am also going to suggest that the rate of interest is not all that reasonable. If we

are going to expect future generations of Canadian people to farm our farm land, we are going to have to help them out by making available to them long-term financing and I would even suggest medium-term and short-term financing.

I talked to a lot of farmer about this foreign investment in land. A lot of farmers will say they would like to sell their land for the top dollar but they would also like to see the young Canadian people get the land. They are telling me governments have to work at the other end if they are not going to restrict foreign investment in land; somehow they have to help the young people buy this land. I am simply putting in a plea for you to consider coming in with some long-term financing. If you want to call it the junior farmer loan, call it the junior farmer loan. Apparently, they must have felt it was necessary to start it back years ago. I think it is every bit as necessary to have long-term financing for these young people today.

I have to laugh a wee bit at what used to be called the capital grant program. They do not call it that now; I think the terminology now is farm productivity incentive grant. You make available 40 per cent, up to a maximum of \$1,500 for farmers who wish to apply for the grant for one purpose or another—soil erosion or whatever it is.

The \$3,000 per farmer in the capital grant program which was established back in 1966 would be equal to \$7,500 today in terms of purchasing power. Because of the technological changes in farming equipment and material costs, \$20,000 would be more adequate for the needs today. We are only offering a token gesture to farmers by offering them the farm productivity incentive grant we have today in Ontario. I feel we must step up that grant quite substantially.

10:10 p.m.

I also think we must make more funding available for tile drainage. Tile drainage is the most effective method to make dramatic improvements in crop production efficiency while reducing fuel consumption at this time of approaching fuel shortage. I would suggest there really should not be a maximum for a tile drainage loan. We should be encouraging farmers to drain their land because we are a net importer of food in Ontario. If we are going to strive for self-sufficiency, then first of all we have to have farmers who are going to produce food and we have to have land that is going to produce the food we need in order to become self-sufficient.

To reiterate, we have to make some kind of financing available to the farmers, we have to step up the capital grants and we have to make more money available for tile drainage. I know the Ontario Federation of Agriculture have included this in their food strategy. I know at the end of their statement they have suggested that \$150 million be added to the budget of the Minister of Agriculture and Food to ensure that we are going to have food production in this province reach the stage of self-sufficiency.

I know \$150 million may sound like a lot of money when we are dealing with a budget in the ministry now of \$170 to \$180 million. We would be almost doubling it. But when we consider only one per cent of the total provincial budget is devoted to agriculture and food, if we did double it to two per cent we are still not putting any more into the agricultural industry than is really needed.

I wonder if the minister would care to comment on some of the suggestions I have made regarding financing young farmers, stepping up the grant program and also making more money available for tile drainage. All of these points are in the interest of primary food production.

Hon. Mr. Henderson: Mr. Chairman, in response to the honourable member, the Ontario farmers' loans were brought out to assist young farmers many years ago. I well remember when I was first a member the government did increase this loan from \$20,000 to \$40,000 for a young farmer. About the time you are suggesting, the last half of the 1960s, the government of Canada was giving complete duplication of what the government of Ontario was giving. In other words, the interest rate was the same, the size of the loan was the same and there was a double set of staff.

At that time it was agreed that the government of Canada should resume full responsibilities for farm loans and the provincial government moved out of that field. The different proposals by the honourable member have been gone over earlier in this committee. It was thrashed out this past week with the Ontario Federation of Agriculture and I had an opportunity to study that brief a few days ago. We are certainly looking at it, but we have no comments to make on it at this time.

The honourable member is aware of the amount of tile drainage money we have. Speaking strictly from memory, going back to a decade ago, we had perhaps \$3 million in 1973. It perhaps doubled to about \$6 million as the years went on and a year ago



at this time they had \$21 million in the fund. As of this moment, there is \$25 million allocated among the municipalities.

There is information that more money will be needed if we are going to meet all the demands. At the end of last year we did have certain moneys left over and again we picked up all of the outstanding tile loan debentures, which was another \$10 million on the \$31 million we spent. At this time we have no more money to allocate and they cannot get any promises any more, but we are well aware of the need and it is being given serious consideration.

**Mr. Riddell:** Anything you can do would be greatly appreciated. I just hope—and I do not say this facetiously; I am concerned—that years from now when the minister drives down the roads in Lambton county or wherever he may be in Ontario that he will be able to say, “There is my neighbour’s son out ploughing the field.” I hope he does not have to go down the roads of Ontario saying, “This farm was bought out by somebody over in Germany or some other European country and unfortunately there is a young lad there who is paying an awful high rent for it and he will never have a chance to buy that land.”

It really bothers me to think we are returning to the old feudal days where landlords own the farm land in Ontario and our young people are relegated to being tenant farmers. Unless we make some financing available to these young people, that is what is going to happen. They simply cannot pay \$250,000 to \$500,000 for a farm, put the equipment and livestock on it and ever see the light of day.

**Mr. J. A. Taylor:** Mr. Chairman, I just wish to follow up with a few questions. I have some of the responses from the minister and other responses to my interjections. I want to thank those present for tolerating these.

**Mr. MacDonald:** Any comment on the rural hydro differential?

**Mr. J. A. Taylor:** No, I think the newspaper report was fairly accurate. I would not dispute the press in that regard, but I will not develop that further. If you want the benefit of my research then I would be happy to discuss that at some future time.

**Mr. MacDonald:** Give it to the government.

**Mr. McKessock:** Have you got any clout with Hydro? That is what I would like to know.

**Mr. J. A. Taylor:** I want to plead the fifth in that regard.

**Mr. J. Johnson:** Don’t let the interjections bother you.

**Mr. J. A. Taylor:** They do not.

We all know that price brings on production: it is amazing. You can talk about loss of farm land because of other uses, but it is amazing how I have seen acre after acre of land that has been brought into production. It comes through the development of new varieties—my friend has mentioned soybeans, beans and corn. We are growing a lot of corn in eastern Ontario now where we did not at one time.

**Mr. McNeil:** A good crop this year.

**Mr. J. A. Taylor:** That is right. It is amazing. I have had a good crop myself. You may say if I could have a good crop, anybody could. But in any event, we are able to grow these things now and it is price that brings on production too.

I want to follow up some of the remarks Mr. Riddell made in regard to tile drainage. Tile drainage has really just got under way nicely in eastern Ontario. We are at a financial impasse. I think there was the renegotiation of the Department of Regional Economic Expansion agreements under ARDA. If you remember a year or two ago, we had great difficulty with the backlog of projects and the problems in regard to funding. I will not go over the figures; I am sure they have been brought out before.

10:20 p.m.

Quebec has been very aggressive in terms of assisting its farm communities and participates, I would say, very fully in the moneys available at the federal level. I am not saying they should not have that. What I am saying is that Ontario has to be aggressive in participating to the utmost—

**Mr. Haggerty:** You are saying Ontario is not aggressive.

**Mr. J. A. Taylor:** —in regard to any funds, when one looks at where so many of those dollars are coming from.

I would like to put this question to you, Mr. Minister, and I would appreciate it if you would follow it up. In Lennox and Addington counties, the municipality of South Fredericksburgh, we need about \$5,000 because we are overcommitted by about that sum for tile drainage in that township. As you know, there is on occasion a reallocation of funds whereby some funds are not used and others are allocated to take up that slack that might be there.

I would like to know whether you could pursue this; it is a small amount of money in all, and yet it means a lot to the farmers who have banked on that in the township of South Fredericksburgh. I talked to the reeve today about it. I am asking you if you will pursue that and do what you can to accommodate that municipality.

As I say, tile drainage is important. Mr. Minister, I do not have to tell you that. You are the leader in this province, if not in this country, in regard to tile drainage. We all followed your adventures throughout the land some years ago in regard to your pursuits in that area right down to crocodile country.

**Mr. MacDonald:** Right down to Florida.

**Mr. J. A. Taylor:** I am reiterating that it has just nicely caught on in eastern Ontario and we are running into this financial impasse. So I would ask if you would look into that for the very—

**Mr. MacDonald:** Mr. Chairman, I move that Mr. Taylor's township be put at the head of the reallocation list at the end of the year.

**Mr. J. A. Taylor:** Then I have that support, and don't worry, Donald, that will do you a lot of good in my riding.

**Mr. MacDonald:** I'll bet.

**Mr. J. A. Taylor:** You will find you may get 23 votes at the next election.

That is the dilemma, the area of concern. It is getting late and I will not pursue the questions that I was raising in regard to loss of land for other use. Naturally that concerns everyone, but I think in fairness that the 1975 data is outdated. I think there is a turn in the opposite direction in terms of land coming into production as opposed to—

**Mr. MacDonald:** You have to balance off what is being lost, and I have seen overall figures that are very convincing.

**Mr. J. A. Taylor:** You can do straight-line projections too, Donald. You can do almost anything. It is amazing how people can adjust to need and accommodate situations as they arise. You have no better example, going back to Ontario Hydro, than their straight-line projection of a seven per cent annual increase in electrical use. You project that to absurdity; I am just saying that, with your loss of farm land, you can do the same thing if you want on a straight-line projection.

**Hon. Mr. Henderson:** Mr. Chairman, let me respond to the honourable member. We will see what we can do about the \$5,000 and the reallocation. I fully agree, and I have made the statement many times, that properly drained land will, in most cases, double pro-

duction. It is one of the greatest energy savers there is. Any knowledgeable farmer can agree fully with you on that.

The member for York South earlier mentioned the acreage. The reports we have of acreage that could be in farm use—wait a minute, these figures are backwards to me. I don't want to be misleading—

**Mr. J. A. Taylor:** Turn them upside down.

**Mr. MacDonald:** The sixes and nines, if you turn them upside down, are the same.

**Hon. Mr. Henderson:** I will not give you these because they appear to be backwards.

**Mr. Chairman:** The member for Grey.

**Mr. McKessock:** I will need more than three minutes. I will wait until tomorrow.

**Mr. G. I. Miller:** Mr. Chairman, I would like to take longer than three minutes too, but there are a couple of things I would like to bring to your attention again in regard to Picard's Peanuts. I was wondering, Mr. Minister, if you could have a supply here at the Legislature. I think, in passing a few around the room tonight, there would be quite a bit of interest in them—people are asking "Where can we get Ontario peanuts?" It would be a good idea if we had a supply here so we could purchase them at the Legislature. Would you give that consideration?

Another thing I would like to bring to your attention in the last three minutes is we went down to the Royal Winter Fair and we ran into a grape farmer who was promoting a new grape drink. It was an eight-ounce drink in a plastic package put out by Wiley Brothers of RR 1, St. Catharines. They keep it in storage. It can be kept for a long time and it sells for 40 cents. Again, I think maybe it could be made available here at the Legislature. I notice we do have apple juice in the foyers. By promoting it in that respect, we might give the industry a bit of a boost.

This is a new experiment. I think it is being operated by Wiley Brothers and packaged by them. It could have a great future, taking over from pop and other artificial drinks. I just like to bring it to your attention because they were promoting it at the Royal Winter Fair.

**Mr. J. A. Taylor:** You are doing a good job of promoting it here.

**Mr. G. I. Miller:** As my colleague pointed out tonight when he was discussing our young farmers, only last Friday night we went to the junior farmers' banquet at Simcoe. Many good young farmers were there, a great bunch of young people, but if they do not have access to the land, how can they farm?

**Mr. J. A. Taylor:** They can buy a farm.

**Mr. G. I. Miller:** They cannot do that, that brings me up to the point of South Cayuga which I would like to work around

**Mr. J. A. Taylor:** That is going to take you more than a minute.

**Mr. G. I. Miller:** I understand that. I am going to start it now and I will finish tomorrow morning. I want to point out what the classification of that land is. When the minister was down again to our opening of Ward's Peanuts on Monday, I offered to take him down for a tour of the site along with the regional chairman, Keith Richardson, and he could see for himself what we were talking about.

As I pointed out to the minister or the premier (Mr. Davis), going back a few weeks, when they were trying to make soil studies, what was the purpose of those studies? Was it for agricultural purposes or was it for

other purposes? It turned out to be a dump site. On that point, Mr. Chairman, I will stop.

**Mr. Riddell:** Could you not change that to a repository?

**Mr. Chairman:** We will adjourn until 10 o'clock tomorrow morning when we will meet for three hours. In order to complete these estimates on Thursday, we will meet then for two and a half hours more.

I understand Mr. McKinnon from the Ontario Milk Marketing Board—

**Hon. Mr. Henderson:** We have not been able to get him.

**Mr. Chairman:** How would Thursday do? I think by the time we finish—

**Hon. Mr. Henderson:** We will do our utmost to get him here on Thursday night for the opening session. Does that sound reasonable?

**Mr. Chairman:** Yes.

The committee adjourned at 10:30 p.m.



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No. R-53

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**

Wednesday, December 3, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.



# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

WEDNESDAY, DECEMBER 3, 1980

The committee met at 10:16 a.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

**Mr. Chairman:** There is a sufficient number of members here to start.

**Hon. Mr. Henderson:** Mr. Chairman, we tried to get hold of the chairman of the Ontario Milk Marketing Board. He is in Ottawa. He hopes to get out of there for a meeting this afternoon at four o'clock. Our number one request will be that he come tomorrow night at the opening. What would the committee like to do if he has a commitment tomorrow night? Would you like us to rustle you together earlier?

**Mr. G. I. Miller:** Let us take one day at a time. He may well be available tomorrow night, Mr. Minister. When do we finish the estimates? Are they to be completed tomorrow night?

**Hon. Mr. Henderson:** Yes.

**Mr. G. I. Miller:** Will you not know before this evening?

**Hon. Mr. Henderson:** No. He does not get back until some time this afternoon. He has a meeting with my deputy at four o'clock this afternoon.

**Mr. Haggerty:** He can cancel that and be here.

**Hon. Mr. Henderson:** We will follow up further and see if we can get something firm.

On vote 1902, agricultural production program; item 5, other assistance to primary food production:

**Mr. G. I. Miller:** Mr. Chairman, the first question I would like to ask this morning, before I get into the main issue I am concerned about, is flood protection for southwestern Ontario, particularly as it affects my area. I noticed in the Minister of Agriculture and Food's annual report for the fiscal year ending March 31, 1980, it says, "Federal-provincial agreements with the govern-

ment of Canada authorized the cost sharing of 90 per cent by Canada and Ontario for a program to protect agricultural lands from flooding caused by high water levels of the Great Lakes."

I am sure you are aware, Mr. Minister, there has been a lot of money spent in your area of Ontario to protect against flooding from Lake Erie, but as one gets up to St. Thomas and Port Burwell there is a particularly bad problem with erosion. I wonder if you would perhaps designate that area as needing assistance.

I will give you one example. Jim Alton, who owns the Sand Hills property and farms the land, spent something like \$15,000 last year putting out groynes of solid cement blocks across his frontage at intervals of 100 yards. He was able to get the cement blocks from the cement plant in London at a reasonable price. The trucking was the biggest cost. He placed those in the winter time and I believe they are working. All the assistance he was able to obtain was through the capital grants program, from which I think he got a grant of \$1,500.

I mention it just so that you are aware of it as other ministries of your government are aware of it. We did have the Minister of Intergovernmental Affairs (Mr. Wells) meet with the region of Haldimand-Norfolk a few weeks ago when they opened the Alfred W. Judd industrial park in Simcoe to bring it to his attention and to see if there could be a co-ordinated plan, not only with that particular area, but for urban areas such as Port Dover where the value warranted it.

10:20 a.m.

I wonder how much money we have collected or spent in 1980 and if this could be utilized. Would the Minister of Agriculture and Food take a leading role in co-ordinating the program as far as protecting agricultural land is concerned?

**Hon. Mr. Henderson:** As I understand it, the honourable member is suggesting that 90 per cent grants should be available.

**Mr. G. I. Miller:** I am just reading from your report, Mr. Minister. That is all I am doing. I am asking a question.

**Hon. Mr. Henderson:** In the area he is referring to there is protection supplied through a federal-provincial agreement amounting to many millions of dollars.

**Mr. G. I. Miller:** Last year?

**Hon. Mr. Henderson:** It went back about five years ago. It was initiated by the government of Canada and helped by the government of Ontario and followed up through the conservation authorities. There was Dover township in Kent county. There was an area in Kent county not far from Rondeau Park. We were down when that was designated. It came through as a result of an initiation. The total areas were included in the conservation authorities of those areas. That came about because of a request by the local municipal authorities who requested they be included in the authorities. I am wondering if the area you are referring to is in an authority.

**Mr. G. I. Miller:** Yes, it is in Long Point Conservation Authority.

**Hon. Mr. Henderson:** Then this is how the work was initiated, through the conservation authority.

**Mr. G. I. Miller:** How much money was spent last year? I notice it indicates: "The total federal-provincial grant authorized was approximately \$17 million. Expenditures to date for this diking program have amounted to \$17.8 million." I am just asking how much was spent up to March 31, 1980, in the fiscal year?

**Hon. Mr. Henderson:** There was nothing spent in 1979-80. The Long Point, as I understand it, was not that. That was the diking, as I suggested, in Dover township on Lake St. Clair. You will remember the flooding a couple of years ago when all the cattle were drowned.

**Mr. G. I. Miller:** Did your ministry have any input that could be recognized or that influenced the authority to take on this program?

**Hon. Mr. Henderson:** Yes, we were involved in the negotiation with the federal government through the authority.

**Mr. G. I. Miller:** If we were able to get a program organized at the local level, could we discuss it with your ministry and expect some support?

**Hon. Mr. Henderson:** Yes, we would be glad to look at any proposal.

**Mr. G. I. Miller:** Thank you. That an-

swers one question. The other question is, there was an interesting editorial in Farm and Country dated Tuesday, October 28.

The headline was "What Commitment?" I think they were focusing on what role agriculture could play as far as stimulating the present depressed manufacturing conditions and plant shutdowns are concerned, particularly in the Massey-Ferguson and White Motor plants and where are the target areas. They are thinking of how we obtain them from both the federal and provincial agriculture ministries. It says:

"For almost four years Ottawa has been talking about an Export Corporation for farm products, but little has happened beyond in-fighting over who will run the operation. And what role will farmers have in helping oil imports? There is still no coherent national policy, and should an adventuresome farm family wish to build a still to produce fuel, a \$200,000 bond is needed. Like the Export Corporation, there has been talk about the abolition of this ridiculous stipulation."

One good example is Richard Thomas who lives in the Burk's Falls area and has been a leader in using alcohol for fuel. As a matter of fact, he has his car running on it. He drove to Toronto on it. I think he has time to produce enough alcohol to run his tractor and do his work on the farm. But he still has to have a \$200,000 bond in order to produce it legally.

That is one point where agriculture can play a role. It has been pointed out in the discussions of the estimates that we are putting in only 1.35 per cent of our total budget in Ontario. The feds are putting in only 1.3 per cent of their total budget. We have to show the people of Ontario what agriculture can really do to stimulate the total work force.

All of us around this table are well aware that the percentage of farm people working on the land is about five per cent. When you have to cater to the votes, you have to get the confidence of the people in order to support the programs I feel are needed. What is our commitment? I think the leadership has to come from the Ministry of Agriculture and Food and I do not feel that has been taking place. I could be wrong. I will give the minister an opportunity to refute it.

I would like to point out that in the implement field, Statistics Canada figures provided the following information: Foreign trade in farm machinery: total imports \$1,823,500,000, total exports \$847,600,000, leaving a net trade balance of \$975,900,000. That is almost a billion dollars, Mr. Minister.

There are almost no tractors made in Canada. Only one company, by the name of Versatile Manufacturing Limited, produces large tractors in Winnipeg, but it has less than one per cent of the Canadian market. I might add that two of our boys have Versatile tractors. They worked exceptionally well last year's harvest. They have four-wheel drive. They were able to complete the ploughing in terrible, muddy conditions and prepared for this year's crop, which incidentally turned out quite well, close to 90 bushels to the acre. Considering the conditions last year, they had not ploughed that land the return would not have been so great.

We have two manufacturers of combines in this province: Massey-Ferguson and White Farm Equipment. Over 90 per cent of our farm machinery exports go to the United States. The point I am making is that we do have a deficit of almost a billion dollars in agricultural machinery. I think the markets are there. While Massey-Ferguson has been a long established farm equipment manufacturer, it does not manufacture any tractors, as has been pointed out. They do own the Perkins Engines Group Limited in England. Many deals could be worked out or influence with that company, it should be revolving around the fact that engine plants could be utilizing some of the car plants that are closing here. We do have the technology, but we do have the young people who could make it work. To think we produce only one per cent of our tractors in Canada is ludicrous. We are not making any attempt to correct

30 a.m.

The biggest percentage of farm implement equipment comes from the United States. There are dealerships set up to deal with it. I know we cannot change it quickly because it would have a spinoff effect on a lot of dealers. But I think we should be closing them in and trying to balance the deficit. We have also brought out in our discussion the fact that \$2 billion worth of the equipment we utilize is being imported, according to some of the latest figures. Again, 50 per cent of this can be produced and grown here. If we had corn or soybeans, there is a good export market. There is a good export market for a good Canadian cheese, such as the cheese we were talking about last evening.

The potential is there, Mr. Minister. We do not say it too often. We have to sell it to the people who work in the factories, and to the people who live in the cities. There are many things that can be provided not only for

the farmer but for everyone. We have to use our land more efficiently. That brings us a little closer to home where we are dealing with 12,500 acres of land in the former county of Haldimand-Norfolk, now the region of Haldimand-Norfolk. In 1974, these 12,500 acres were bought by the province for a city of the future for a total price of \$25,640,524.

Mr. Haggerty: Better known as White's elephant.

Mr. G. I. Miller: A lot of figures have been thrown around. According to my calculations, it cost approximately \$2,000 an acre. With interest added, it comes to a considerably higher figure. That was the basic price paid for it. You may say it was bought for a city of the future. At that time, the then Treasurer indicated we were to have a tremendous population growth of close to 900,000 people in the area. An industrial park of 6,500 acres was also bought in the area. We have gone over this many times.

The change in the area took place when Ontario Hydro established the Nanticoke generating station there in 1965. Plans were being made and from there the spinoff effect began. The Townsend city site of 13,000 acres was bought and the region of Haldimand-Norfolk made a decision a few years ago indicating the town site should be utilized. They had the support of the region on that.

One of the basic factors in that decision was that the water intake was established at the lake by the hydro plant. It was built along with the construction of the hydro plant and that intake was designed to provide water, not only for the new Townsend town site but for Brantford and Kitchener. It has a capacity of something like 450 million gallons a day. It has a huge intake, but the government has not been able to sell it to Brantford or to Kitchener-Waterloo even though there is a need for it.

Brantford is getting its water from the Grand River. If anyone has had a chance to see that water before it is processed, you would wonder why they would drink it. But when they get it done the water looks good. They can produce their water for 33 cents per 1,000 gallons, where the cost from the Haldimand-Norfolk pipeline is around \$1. That is what they are charging in the area at least, a dollar per 1,000 gallons.

I am trying to indicate to the minister what has happened, why those decisions have been made in regard to Townsend. They have finally planned a population of 40,000 on the Townsend town site. They have locked the land surrounding the town site into agricul-



ture. I think that is a step forward, because I want to make sure it is going to be properly worked and provide for our economy.

The spinoff effect from the Townsend development is that the people have moved off. They have moved the farmers to the adjacent former township of Walpole. Now they are producing, I would suggest, twice as much as they did before. The land is properly farmed. They are putting in tile drainage. These farmers have moved and they are working the land properly. They have established pig farms with storage facilities for the manure. They are taking care of the waste and recycling it on our land and it is paying off.

I would like to zero in on South Cayuga because I have seen a lot of figures produced, trying to prove the quality of the land. People driving through may say it does not look that productive, it does not look that good, but what I am saying is, with the right management, the right crops grown, the right drainage provided it can produce for this province.

I have used these figures for the classification of the land and I will give the minister a copy. In the old classification, 4.2 per cent of the total land was class one. Class two was 90.8 per cent, for a total of 95 per cent of it in class one and two.

In order to make sure these figures were right, I went to Mr. E. W. Presant, the Ontario Institute of Pedology, Blackwood Hall, the University of Guelph, Ontario. He was kind enough to send a full report on the land classifications. Under the new classification, in class one there is 800 acres, which is 6.4 per cent. Class two is 3,874 acres, or 31 per cent. In class three there are 6,150 acres, or 49.2 per cent. Class four is 863 acres, or 6.9 per cent. Class five is 463 acres, or 3.7 per cent. Class six is 250 acres or two per cent. Class seven is 63 acres for 0.05 per cent, and miscellaneous land is 38 acres or 0.03 per cent. This is a change from the original classification which indicated that 98.4 per cent was class one and two.

In his letter accompanying this report he says: "I have enclosed two preliminary soil maps that include the South Cayuga town site and also copies of the soil capability information derived from these maps. I have also enclosed a table comparing the proportions of land classes on these new soil maps with those from the CLI 50,000 scale maps. The information used for the CLII 50,000 capability maps was derived from the old Haldimand county soils map.

"As I mentioned, the most significant difference in the change in proportions of

class two and three soils, with the new maps indicating more class three land than the older maps, is mainly because the old maps showed very little of the poorly drained soil that is present."

That indicates the reason the classification was dropped from one and two when it was really zeroed in on the classification of the particular land was the drainage. The drainage, as you well know, as has been discussed around this table many times, is the key to making agricultural land work.

As a farmer myself, I know how important that is, because the timing of planting and the timing of harvest are the two crucial times in farming as far as harvesting crops are concerned. If you do not get the water off, if you have to go around mud holes, you lose the most valuable land you have.

10:40 a.m.

I pointed out to the minister—not only him, but to the former minister—that particular part of Ontario could well come under the DREE program because many parts of Haldimand county do have problems with drainage. For many long years it was indicated they could not drain the heavy clay land with tile draining, but with new technology, with the use of proper methods, it can be achieved.

As the member for that riding, I think the government has to listen, because I am talking about the future. I am talking about the future for our young people. Only last Friday night, as I indicated to you before, I went to the junior farmers' banquet in Delhi. There are a beautiful bunch of young people who want to contribute something to the economy of our country. If they cannot get that opportunity, Mr. Minister, then I think we are all in trouble.

I had the opportunity of coming down here in the summer to look into the Ontario Housing Corporation. In Toronto, we have 20,000 units and we have young people utilizing these units. I think we have to get them out and we have to give them the opportunities—job opportunities—so they can stand on their own feet. We have to solve that, otherwise we are all in trouble.

When we look at this site in South Cayuga where we want to dump our waste, I am reminded of an article in the Toronto Star. I do not have the date of it. It was either Saturday or Sunday. In the Cayuga drainage ground, a pollution expert says, you are going to take and dump all of Ontario's waste and you could import it from the United States and we could be bringing it in from western Canada, because that is what

been going on—in a valley of the Grand River, within a three-mile stretch between here and the shores of Lake Erie, and on class one and two land. This is being done to justify the expenditure of \$2,000 an acre in land. My colleague indicated yesterday that in his area land is selling for \$3,000 an acre. Is that correct, Jack?

**Mr. Riddell:** A lot of it is more than that.

**Mr. G. I. Miller:** I am telling the minister that we are dealing with the best natural resource we have. They don't make it any more and I think we have to stand up and protect it. That is what I am trying to do, to stand up and protect it for our future generations. I would like to point out again that the area is changing from basically agriculture to an industrial area. We do have the 6,500 acres of land set aside for industrial purposes. Three thousand acres of that is to provide for a steel plant and 3,500 acres for an industrial park. We have three industries in there now. The land is going to waste. It is not being utilized. It is properly planned but is not being utilized.

Are we trying to take another area in that same part of Ontario and destroy it too? Mr. Minister, you are making a mistake. I spoke to the Premier (Mr. Davis) yesterday, when a group of people were here from South Cayuga. While he was having dinner we had a discussion with him. I just wanted to listen to what people had to say so we did not get into a debate, since it was not the proper place, but I indicated to him he is trying to justify his movement to sledge-hammer that area in there without consideration of the people. My people—I can say they are my people, because I represent them here at the Legislature—are just as important as the people in Mississauga, or Ajax, or wherever. Those natural resources are just as important and may be more so to me because I live there; I was born there and I intend to remain there. They are more important to me because of that very fact.

I guess the question, when we get down to the basis of it, is what role did your ministry play in the decision that site should be utilized for that particular use?

**Mr. Riddell:** That should be easy to answer.

**Hon. Mr. Henderson:** Mr. Chairman, I am sure the honourable member understands that the announcement was made by the Minister of the Environment (Mr. Parrott). It is an announcement from the government, and what goes on within cabinet is within the cabinet walls. That is my answer.

**Mr. G. I. Miller:** I understand that. I guess I made my point. I guess I will pass along the comment—

**Mr. Riddell:** What do you mean you understand it, Gordon? Mr. Minister, are you telling him that you cannot say whether you had any input into it in cabinet?

**Hon. Mr. Henderson:** I have answered his question quite clearly.

**Mr. Riddell:** What goes on within the walls of cabinet stays within the walls of cabinet, and you cannot indicate whether you had any input?

**Mr. MacDonald:** It was not an effective input. Further examples of destruction by instalment of fine agricultural land.

**Mr. G. I. Miller:** The minister has not responded too fully on the facts. If he does not care to, that is his privilege.

**Hon. Mr. Henderson:** This has been answered several times in the House.

**Mr. G. I. Miller:** I am not pointing my finger at the minister as an individual. It is the policy that I am concerned about. Mr. Minister, I offered to take you down the other day to look at the site and to tour it along with the regional chairman. I know you are busy but I will still do that any time you care to. I will take you down, show you the site and let you talk to the people. I am not pointing my finger at you, I am pointing my finger at the policies of this government in so far as what its commitment is to agriculture in Ontario. That is what I am talking about. Individually, I admire you, but I will tell you that your policies are wrong. As my press release indicated, what I am determined to do, as long as I am the member for that area, is to fight right across Ontario to preserve the best natural resource we have. I intend to do that, Mr. Minister.

**Mr. J. A. Taylor:** Let us hear that press release.

**Mr. G. I. Miller:** I will show it to you, Jim.

**Hon. Mr. Henderson:** Concerning the press release, I suggested earlier there was no money spent in the 1979-80 year. There was \$126,000 spent on the diking in Dover township and Kent county. I did suggest earlier that there had been no money during that year but there actually was. I want to correct the record on that point.

**Mr. G. I. Miller:** Mr. Minister, give me a minute. I have it here some place. Mr. Chairman, I do not want to hold up the committee, but I want to read it into the

record. I feel strongly enough, as I have indicated, and I will try to clear that up. I will have my concerns that I expressed across Ontario clarified before the estimates are over.

**Mr. Chairman:** We will give you another opportunity.

**Mr. Haggerty:** Mr. Chairman, we are on the food land development branch, I presume.

**Mr. Chairman:** Right.

**Mr. Haggerty:** I was listening to the comments of my colleague, Gordon Miller. I think the message he is trying to get across to the ministry is, if you visit the area around Nanticoke—the Hydro, Stelco and Texaco plants—you can see the acres of farm land that have disappeared within the last six or seven years. I have seen it disappear. Roads have been blocked off. It has destroyed the agricultural community of that municipality.

He brought out a good point, though. He indicated the Ministry of the Environment has given the direction that the industrial waste is to be located around South Cayuga, and suggested that you should be looking at the industrial park that Stelco has up there which consists of a number of acres.

Apparently, from what I can gather from his comments and from what the minister said in the Legislature, even the industrial park does not want that type of industrial pollutant site located there. It is such a terrible thing that even the industry does not want it in its backyard, but they want to dump it in somebody else's backyard.

10:50 a.m.

I had the opportunity to visit the area of the chemical plants around Sarnia recently. It was of great concern to me to see the good farm land disappear in that area for this industry. And what do they do with the industrial waste that comes from that plant? Do they dump it in their own industrial park sites there?

**Hon. Mr. Henderson:** Let me help you. If you visited all the petrochemical industry in a space of five miles you would have found Tricil right in the centre of it. That is where they dispose of one third of the industrial waste in Ontario.

**Mr. Haggerty:** Maybe they can expand up there then.

**Hon. Mr. Henderson:** It is already in the report. If you read the report on the site it is already there.

**Mr. Haggerty:** If they are doing it there now maybe they should be looking there to expand it.

**Hon. Mr. Henderson:** They are disposing of one third of the industrial waste. It is all mentioned in the report.

**Mr. Haggerty:** What happens to the other two thirds?

**Hon. Mr. Henderson:** They are looking for a site for the other two thirds.

**Mr. Haggerty:** I know they have had some difficulty in disposing of it in deep wells in that area.

**Hon. Mr. Henderson:** Had you covered the whole complex, it is two miles down the road from the Petrosar plant.

**Mr. Haggerty:** In other words, some of that would be dumped into this South Cayuga site?

**Hon. Mr. Henderson:** Not that I am aware of—

**Mr. Haggerty:** But it does go against all the principles that have been established by the Ministry of Agriculture and Food if you look at your food land guidelines. That destroys that principle when you start to take choice class one, two or three farm land out of production for an industrial waste site. It is shameful when you have to move in that direction. I am sure there are other areas in Ontario that are not considered as choice farm land.

**Hon. Mr. Henderson:** Give us a little idea. We may need another site.

**Mr. Haggerty:** I suggested to the Ministry of the Environment a year ago there may be sites within Algonquin Park. That is God's country, in a sense, but let us put it on government land someplace else. There are areas in some of these large holdings the province owns that would not affect anybody, or an individual, or even the environment.

**Hon. Mr. Henderson:** We are open to suggestions.

**Mr. Haggerty:** You are taking tons and tons of industrial waste and dumping it in the Elliot Lake area. You are dumping waste from the uranium mines which is rich in thorium and radium. It does not make sense what you are trying to do. But, again, this is not agricultural land.

**Hon. Mr. Henderson:** I wonder if the member has read the report.

**Mr. Haggerty:** I have read the report, and I have heard debates in the House.

**Hon. Mr. Henderson:** It might help a member to learn that four sites were looked at. There was the one in Huron county,



one in Cayuga, one in Bruce and one in Lambton county.

**Mr. Haggerty:** Yes, that is the MacLaren report. If I am not mistaken they even had a location marked for the town of Fort Erie.

**Hon. Mr. Henderson:** There are about 15 locations, if you looked at the map.

**Mr. Haggerty:** Of course, it would not go too well in Fort Erie, because they tried to move in that area before but they were going to look after industrial and chemical wastes from the American side. This is another point that is brought out. There is no guarantee from the province that you are going to prohibit American waste being dumped over here.

**Hon. Mr. Henderson:** Let me make it clear this site is being built for industrial waste from Ontario. It is all that is being thought about.

**Mr. Haggerty:** That is all that is being talked about in the guidelines.

**Hon. Mr. Henderson:** Or thought about. It is the Ontario industrial waste we have to dispose of.

**Mr. Haggerty:** I am familiar with the Haldimand clay in my area too. There may be depths of 90 feet of it, but when you start digging to that depth to bury this industrial waste you are going to hit quicksand which is in the water table, and you are going to destroy a number of water wells in that area. There may be areas of abandoned quarries through that area.

I travelled by train to Woodstock and looked at the waste of good farm land there because of abandoned pits. There is a place you could locate it without destroying farm land. It has already been destroyed there. It just makes a mockery of the food land guidelines that you have. You are taking valuable farm land out of production.

The other matter I want to deal with is land drainage. That is a good program—it covers land drainage and tile drainage, I guess it is. I had the pleasure of flying over the township of Wainfleet and that area with the minister back in 1973 and I know of his concern—

**Hon. Mr. Henderson:** Can we talk about that day a little bit?

**Mr. Haggerty:** I do not want to talk about that because there was a kind of—I think the water made me more ill than anything else.

**Mr. MacDonald:** What happened when you went to Florida?

**Mr. Haggerty:** I did not go to Florida. I was not on that committee.

**Mr. MacDonald:** No alligators in Wainfleet.

**Mr. Haggerty:** No. But through the generosity of the minister, I had the opportunity of flying over the shoreline of Lake Erie and I could well recall that we made a couple of—

**Hon. Mr. Henderson:** He deserted us in London.

**Mr. Haggerty:** You want to believe I deserted him.

**Hon. Mr. Henderson:** He did not fly the next day with us.

**Mr. Haggerty:** When we made all those passes over Nanticoke two or three times, those dips and dives—if the minister had stayed in the centre of the aircraft I think we would have had no problem.

**Hon. Mr. Henderson:** My stomach is all right. It is about as good as anybody's.

**Mr. Haggerty:** But I know his concern as it relates to land drainage and Wainfleet has been a recipient of the new amendments to the Tile Drainage Act. When the members talked yesterday they mentioned DREE applies to the eastern part of the province. It does not apply in the Niagara region or Haldimand or Norfolk.

I suppose I should give you a little history of Wainfleet. The township is named after Wainfleet, which is situated in a marsh in Lincolnshire, 15 miles from Boston, England. Previous to the decay of the harbour, the town was located higher up the creek. It is said to be a place where Romans made salt from the sea water to supply the whole province. The word Wainfleet drives from the Anglo-Saxon "fleet" meaning a creek or river and "wain," a wagon—a creek through which a wagon can pass.

That will give you a description of the township of Wainfleet that I wanted to bring to the attention of the minister. It is bounded on the north by the Welland River and on the south by Lake Erie. To the west I believe it would be the drain into the Grand River and to the east it would be into the Welland Canal and parts of the Welland River. So it is an area that has problems with drainage.

The township of Wainfleet, through the initiatives of the mayor and council, has an excellent program working for it. They purchased a ditch-digging machine, a large backhoe, and they have a good program for cleaning out all their municipal drains. It is rather a costly item but it has added to the productive food lands in that area. They have increased the productivity of the farm lands.

The problem is that under the Tile Drainage Act, section 85, it says, "The assessments made under the act upon lands used for agricultural purposes." There are two sub-sections that have not been proclaimed. Here is one of them—subsection 2: "The maintenance, repair and minor improvements undertaken on the recommendations of a drainage superintendent within budget limitation established by the minister for that municipality," and (b) I guess it is: "Cost incurred by the municipalities in the employment of a drainage superintendent."

This has not been proclaimed nor has section 87(3) "Where one, two or more municipalities employ a drainage superintendent who has qualifications satisfactory to the minister, the minister may direct that 50 per cent of the cost incurred by the municipality or municipalities in the employment of such a superintendent shall be paid out of the moneys appropriated therefor by the Legislature."

In Wainfleet's program they are using their road superintendent as a drainage engineer and I think that is a policy established by council. If that is the case, there would be grants applying to that. But under the scheme they have now, they are digging and renewing some of the ditches in the area and cleaning them out. I guess the grant does not apply because they do not have an engineer. They are using the old engineer's assessments—the engineering scheme that applied to the drainage ditches in the area; they have just picked up the old assessments and they are using them through the superintendent now, but they cannot get a grant.

11 a.m.

When can we expect these three sections of the Tile Drainage Act to be proclaimed so that they can get the benefit of the grants that apply to the superintendents?

**Hon. Mr. Henderson:** These sections are under active consideration. I would not want to give a definite date but I can assure you we are looking at them.

**Mr. Haggerty:** They are into this drainage scheme now, and it is very successful and less costly than if they had to go through an engineering consultant firm to do it. That grant is applied normally through a scheme of drainage in any municipality relating to agricultural land. The grant that you give actually pays for the engineering costs. They can get by that by using the old assessment cost as it relates to the ones who are getting the benefit, each individual property owner.

**Hon. Mr. Henderson:** The grant amounts to a little more than the engineering costs.

**Mr. Haggerty:** Engineering costs today are pretty expensive.

**Hon. Mr. Henderson:** They are usually six to 10 per cent but the grant that is available is one third.

**Mr. Haggerty:** You could not give me a timetable of when we can expect these three areas that I mentioned under the Tile Drainage Act to be proclaimed?

**Hon. Mr. Henderson:** The only thing I can say is that we are actively considering those.

**Mr. MacDonald:** May I ask a quick supplementary? Earlier we had some discussion or argument with regard to the amount in Quebec under DREE, and your feeling was it was all of Quebec. I do not think that is the case but I am willing to believe that a much larger proportion in Quebec is designated for DREE grants than in Ontario. Since we have had evidence that in Haldimand, this area and, I suspect, many other places in Ontario—it is within the confines of potential DREE grants that we could seek designation of areas in Ontario other than the east and the north, so that we might tap in on some of that federal money, or is it deemed to be only for very undeveloped and slow growth areas and they do not consider any part of southern Ontario as being slow growth?

**Hon. Mr. Henderson:** We would love to have all of Ontario in it. At the meeting—I think you were here when I referred to a meeting of the ministers over in the Sutton Place Hotel in June. I think you were around when I referred to it.

**Mr. MacDonald:** But I do not think you can get all of Ontario in it. My question is more sharply focused on the areas where we have an admitted great need for drainage. Is it possible within the framework of DREE grants to get some of those areas designated?

**Hon. Mr. Henderson:** At that time I asked to have two counties farther this way in eastern Ontario designated. The federal members for the area and Mr. De Bane suggested that yes, they would be glad to—at least, Mr. De Bane left me with the impression that he would be glad to add them.

**Mr. G. I. Miller:** Mr. Minister, did you make application on behalf of that area for the DREE program?

**Hon. Mr. Henderson:** I have no hesitation about making application for all of Ontario. Let me finish first and then you can ask all the questions you want.

When we presented this to them that morning last June, I thought everything was go. I felt that those other two municipalities as well as Peterborough—it was the next two this way. We were under the impression that everything was go.

**Mr. MacDonald:** If you ask for all of Ontario you will be shot down.

**Hon. Mr. Henderson:** I just asked for the two counties.

**Mr. MacDonald:** If you picked out the areas where the need is obvious and greatest and can be documented, I would be curious to know, particularly, why so much more money is going to Quebec, which is your constant theme, and why you cannot get more of that money directed here.

**Hon. Mr. Henderson:** We asked for Peterborough and Victoria counties and I thought we had an agreement in June, but I have not been able to get anything since. I would want the honourable members to know that we asked for Bruce and Grey at that time as well, but they did not get consideration.

**Mr. J. A. Taylor:** Mr. Minister, I understand the geography is worked out at the time of the renewal of the agreement. Even so, assuming that you did have more included, you are confined by the funds. It is my understanding that maybe \$50 million in total is out.

**Hon. Mr. Henderson:** Let me explain that a little further. We would be confined a little by it, but I wanted to let you know I did ask for Bruce and Grey in addition.

**Mr. McKessock:** Did you ask for the boundary of the old DREE agreement which went down the centre of Palmerston, which took in Minto township?

**Hon. Mr. Henderson:** No, I asked for four counties—Peterborough, Victoria, Bruce and Grey. The eastern counties were in. I had these four added. I thought they were being deprived or needed the extra assistance.

**Mr. McKessock:** The old DREE agreement struck a line right across there that took in a wee bit of—

**Hon. Mr. Henderson:** I really did not look at that.

**Mr. MacDonald:** I can see why you asked for those because I think they fall into the category of areas the federal government is assisting. They are slow growth and marginal areas where agriculture would have to be improved. Do I take it from what you are saying that you do not think there is even any point in asking for pockets of rich

southern Ontario, where one can document a solid need for extensive drainage?

**Hon. Mr. Henderson:** I feel a farmer is a farmer wherever he may be.

**Mr. MacDonald:** We have heard that before. Just answer my question.

**Hon. Mr. Henderson:** Let me go on then. I was turned down flat on Bruce and Grey.

**Mr. MacDonald:** You would have been turned down even flatter if you had gone to Haldimand, for example.

**Hon. Mr. Henderson:** I would almost think so. Let me go a bit further. I do not think it was here, but there was considerable debate about the one third for the area in eastern Ontario, about \$600,000, maybe \$700,000 now. The work was done between that April 1 and December 16 or 20, 1979—I am told \$838,000. We have included all and picked it up. That would have come off the other end of the \$50 million. It would have been part of the \$50 million. They were not giving us any extra; it would have come out at a later date, that is all.

**Mr. MacDonald:** DREE allocation rather than new money.

**Hon. Mr. Henderson:** Rather than new money. It was part of the DREE allocation but just to apply to those where the municipalities felt they had to get on with the work. I agree they had to, so we, as a province, picked that up.

**Mr. Haggerty:** One of the difficulties is, along the shore line of Lake Erie, due to the high levels of water there for the past number of years, many of the land drainages carrying water off the land there now cannot actually empty the full capacity into the lake because of the high level. In many cases one gets high winds like yesterday. One would probably have the water going back on to the lands it is coming off.

**Mr. MacDonald:** You get a reverse flow.

**Mr. Haggerty:** That is right. In some of these areas where there are larger drains there is going to have to be some type of lift pump to keep that water table down on the other side.

**Hon. Mr. Henderson:** If the member remembers, we had the professional people with us who told us that with certain wayward winds the water at this end of Lake Erie is sometimes 20 feet higher than normal conditions due to the wind. There was the other one before you got on to that. What does the member feel? I feel that Grey and Bruce are more entitled to it than your county.



**Mr. Haggerty:** That is hard to say. You are coming back like Gord Miller, trying to say somebody else is more welcome to the industrial waste disposal.

**Hon. Mr. Henderson:** You have to be fair.

**Mr. Haggerty:** In this particular area, if the minister was not aware, the township of Wainfleet has about 52,000 acres. It is the largest township in the region of Niagara. It is perhaps one of the two that has remained rural. Take anywhere west of Port Colborne up to Chatham and areas like that—I do not have to tell you—you are well aware of the corn production there. Much of that corn is trucked down to the elevator at the city of Port Colborne and is transported to Cuba, to offshore places for export and so on. It is a booming industry there.

If you can, you should get DREE to accept some of the responsibility in this area, caused by high levels of water in Lake Erie. If I can get into it, I can relate it—particularly in regard to Wainfleet—to the control of water by Ontario Hydro. Even the Welland River reverses its flow at Chippawa and there are times when they are drawing and storing water and that raises the water level in the Welland River and floods farm lands.

The Department of Regional Economic Expansion has come to the Niagara Peninsula, to the paper industry—and their profits have been well up in the past couple of years; I do not have to tell you about the substantial grant that was given to the paper industry in Thorold—and said if it warrants it, then we can bring DREE into this area. If they can do it for the paper industry, surely they can do it for the agricultural sector.

11:10 a.m.

**Hon. Mr. Henderson:** I would agree fully.

**Mr. Haggerty:** Then let us get on the ball and see if we cannot get it.

**Hon. Mr. Henderson:** Let us get after our federal brethren. They set the guidelines.

**Mr. Haggerty:** You set a meeting up with them and we will all be there to help you.

**Hon. Mr. Henderson:** Listen, we have had the meetings and we came out with a blank, "Yes, in a few weeks."

**Mr. Haggerty:** Let us try for another one. Maybe we could twist his arm this time.

**Hon. Mr. Henderson:** The last one was a month ago.

**Mr. MacDonald:** I certainly would not waste too much time working through the federal members for the area because you have a more direct route than working

through the federal members. You can bring them in as backup if you want, but—

**Hon. Mr. Henderson:** Mr. Chairman, the members of the committee should know that back last summer—I would be glad to get you a copy of it—I sent the Prime Minister a telegram making him aware that the Minister of Agriculture Canada was much more aware of the needs of the farm people in Ontario than the minister who was administering DREE. I suggested in this telegram that I thought it appropriate that the Minister of Agriculture Canada should do all the negotiation as far as agriculture is concerned.

**Mr. MacDonald:** The Minister of Agriculture and Food in Ontario is more aware of agricultural needs in eastern Ontario, but you let the whole thing slip over into Natural Resources.

**Hon. Mr. Henderson:** With all due respect, we have not.

**Mr. MacDonald:** Well, significantly. It is the lead ministry now and Agriculture and Food is—

**Hon. Mr. Henderson:** No, Mr. Chairman, it is not.

**Mr. MacDonald:** On the farm we have a description for it.

**Hon. Mr. Henderson:** Do we? What is it,

**Mr. MacDonald:** Sucking the hind tit.

**Hon. Mr. Henderson:** No, that is not a farmer. That is a person who thinks they have a little knowledge of the farmer. The real farmer knows there is still some nourishment in the hind tit.

**Mr. MacDonald:** It is pretty thin though, and that is what you are getting.

**Mr. Haggerty:** To get back to the DREE program, I think every effort should be made by all members here and by the minister here that DREE should be available particularly for the counties or regions abutting Lake Erie where there are problems.

**Hon. Mr. Henderson:** I would have to say I would disagree with that because I think Grey and Bruce counties are more entitled than the Niagara region.

**Mr. McKessock:** I will support you there, Mr. Minister.

**Mr. Haggerty:** You are looking maybe at the deep end of it.

**Hon. Mr. Henderson:** I would argue that the other counties should have support ahead of your area.

**Mr. Haggerty:** I imagine there is more protein produced or grown in the Niagara

region than in Haldimand-Norfolk and perhaps in many other counties in Ontario, except maybe Kent or Essex which are well known for that. I bring your attention to the Sharkston area, the old Haldimand clay, and former township of Humberstone where you could not even get a plough into the ground years ago.

Today there is a fellow farming it. He has the heavy equipment in there and he is the top grower of corn in Niagara south. He is the king, I guess you would call it. Anyway, he gets the top award. He has grown about 135 bushels to the acre and nobody thought you could ever grow that type of crop or that type of soil would be that productive. Once they were able to get the plough into it, it has worked out very successfully. He is farming about 1,000 acres in that area growing corn. That is only one. There are many others from Fort Erie and west along the Lake Erie basin.

**Hon. Mr. Henderson:** Mr. Chairman, I understand the member's argument fully. I do not disagree with him, I just e-emphasize my former statements.

**Mr. Haggerty:** Let us get the federal Minister of Agriculture and we will go on another plane flight over the area.

**Mr. J. A. Taylor:** When was this agreement signed? This past June?

**Hon. Mr. Henderson:** No, the original agreement ran out on April 1, 1979, and we were not able to get a new agreement signed with the government of Canada. I am not sure, could somebody help me with this? Was it December 16? It was December 14 of last year.

**Mr. J. A. Taylor:** As I recall, it was the election before last. I am going back now to last February's federal election; nine months, I think, was the gestation period for Joe Clark. It had run out, and it was just before that election that the agreement was being renegotiated. It was left and not signed before the calling of the election which elected Joe Clark.

What you are saying, then, is that the agreement—and I remember the dispute at that time, especially in the area I represent, and the argument we got into. Hastings was involved, too, and then when it came to Victoria county, the federal concern was that it was getting too close to Metropolitan Toronto for participation; and yet all that area of Montreal was involved in the agreement, in terms of Quebec. The draft agreement was not signed before that election, and Clark was elected. I gather that before Clark was defeated it was in fact signed.

Basically, the agreement was the same thing that was negotiated, if that is the term one can use, before the defeat of the Liberal government. When one looked at the total moneys on a per capita basis of population and on a per capita basis of farmers—you talk about the anatomy of a cow; I think we were way off at the other end, on the tail somewhere.

**Mr. MacDonald:** That is where the sustenance is, according to the minister.

**Hon. Mr. Henderson:** Not in the tail, no.

**Mr. J. A. Taylor:** In any event, Ontario's allocations seem to be very small and surely it is that area that should have been addressed; I suppose it was, because I believe your predecessor was the minister at that time.

**Hon. Mr. Henderson:** I was the minister when the contract—

**Mr. J. A. Taylor:** When it was signed but not on the expiration of the other one.

**Hon. Mr. Henderson:** But immediately following that or at about that time, we tried to negotiate for the four counties. It was at a meeting over at the Sutton Place one morning last June that Frank Miller spoke for the Ontario ministers, as our Treasurer.

**Mr. Haggerty:** What does Frank Miller know about farming?

**Hon. Mr. Henderson:** He was there as the Treasurer of Ontario. We were there. Leo Bernier and I were there. The main purpose of the meeting was that I had contacted the federal government to have these four counties put in, and we took with us the northern Ontario agreement in the hope that they would sign it that morning. But the proposal we got was that they would consider these two eastern counties I mentioned. Grey and Bruce would not be acceptable, and they suggested that the northern agreement was ready to be signed.

**Mr. J. A. Taylor:** We understand, but really, as I see it—and correct me if I am wrong—we seem to develop more competition for the same dollars instead of increasing the number of dollars. At that time, as the minister may recall, we had extensive commitments in terms of drainage outlets in eastern Ontario. Our engineers' reports had been made, there were contracts, the agreement had expired and we were looking around for money.

**Hon. Mr. Henderson:** Let us go into this sum of \$800,000-odd that the chairman tells me about now. Back when I went to eastern Ontario and told the clerks and the Reeves that if they would have their applications in

to us we would pick up the second third of their drainage costs for that period. I made the announcement, and in June we were told in no uncertain terms that the government of Canada was not going to pick up that one third, that \$800,000. So be it.

11:20 a.m.

**Mr. Haggerty:** But you were successful in the northern DREE program, were you?

**Hon. Mr. Henderson:** Let me go on. About a month ago—I can get you the date if you wish—the Honourable René Brunelle—

**Mr. Haggerty:** No, but you said they agreed to the northern boundary. You could change the northern boundaries as you did for the automobile licences. You included Parry Sound. You could just swing a little bit to the southwest into Durham and Bruce and say that is the northern part of the province. It can be done that easily.

**Hon. Mr. Henderson:** The northern agreement was for the area that is designated as northern Ontario and we can show you the boundary lines so you know where it is. Anyway, again in June they said they would be ready to sign in a few weeks. About a month ago, Frank Miller was not able to go to Ottawa but Rene Brunelle went. We got exactly the same story as we got last June: things would be ready in a few weeks. We are no further ahead than we were in June with the northern agreement. There is \$5.1 million or \$5.2 million of that money to go to the farmers in northern Ontario. As was brought out here the other day, the Rainy River farmers are looking for some programs, and I responded that Leo Bernier and I are ready to go ahead with some initiatives. But we cannot until we get that particular—

**Mr. MacDonald:** I recognize the point that Jim is making here, that if you extend the boundaries and you get the same amount of money you are just spreading it thinner. But I still think it would be wise to extend the boundaries because at least then you have an argument in asking for more money. We would hope that at some point you would get it.

**Hon. Mr. Henderson:** I was not in on the negotiations with the minister, you understand, for the area that is described; but I was in on the other and got a flat refusal, and no agreement was signed. That is the most serious part for the northern Ontario area. No agreement was signed and we are no further with Peterborough and Victoria counties.

**Mr. G. I. Miller:** Mr. Minister, would you consider extending the boundaries then,

with the possibility of renegotiating? The next time, if you have just cause, it would seem to me you would have something to lay on the table and you could bargain with them. But if you have not included it in the beginning, of course nothing is going to happen. Again, it is up to minister. We have asked you to do it. Now, will you continue it?

**Hon. Mr. Henderson:** I am open and ready to negotiate boundaries and money this afternoon.

**Mr. J. A. Taylor:** But you have a five-year agreement.

**Hon. Mr. Henderson:** I am open and ready.

**Mr. Chairman:** Mr. MacDonald, it is your turn now.

**Mr. MacDonald:** We have had a lot of talk about peanuts in expanding the agricultural potential. I have two or three other areas I would like to raise with the minister, just to get clarification.

I was rather intrigued by the story in the Peterborough Examiner which indicated that, at the Lakefield Fair, there had been a remarkable increase in the production of goat milk. Commercial production of goat milk in the area has increased immensely in the last few years. Walk into any Becker's store and you can pick up litres of packaged goat's milk next to the cow's milk. Without a doubt, the biggest news in growth in the Canadian industry has been goats.

The secretary of the local Canadian Goat Society said in the last decade our goat industry has grown one thousand per cent. Since 1978 it has doubled in size. We thought the growth would slow down but it has not peaked. In 1979, we registered almost as many animals as the Ontario Jersey Club. If the growth continues, only the Holstein Friesian Association of Canada would register as many animals by 1985.

I have a number of questions I would like to ask the minister. To what extent is this developing elsewhere across the province? To what extent is the ministry involved in the general encouragement of it, if there is as great a potential as at least this one area suggests; do you, through the ministry, exercise the same effort as you do with cow's milk for maintenance of standards? Is there any mechanism that is set in terms of pricing? For example, are they within reaching distance, if it is developed as significantly as this story suggests, of



getting a goat milk marketing board, which would co-ordinate the whole effort? What is the picture?

**Hon. Mr. Henderson:** They have to meet the same standards of milk as all other milk in Ontario.

**Mr. MacDonald:** Your inspectors are in?

**Hon. Mr. Henderson:** Yes. They have to meet the same standards.

**Mr. MacDonald:** How widespread is the production of goat milk across the province?

**Hon. Mr. Henderson:** It is getting pretty big with ethnic people, with new types of cheese and what have you. The price is negotiated. There is no marketing board.

**Mr. MacDonald:** Negotiated between the local producer and—

**Hon. Mr. Henderson:** The processor or whoever.

**Mr. MacDonald:** —any industries that might be buying it or any retail outlets that may be selling it?

**Hon. Mr. Henderson:** Yes. More the processor, the dairy. There are three processors, in London, Hagersville and Balfour.

**Mr. MacDonald:** None up in the Peterborough area?

**Hon. Mr. Henderson:** We are not aware of any there. Balfour is not that far away though, as you realize.

**Mr. MacDonald:** I raise the question because if it has the potential that at least s emerging of 1,000 per cent growth in his one area, is the ministry giving any consideration to some leadership to maximize the expansion and development?

**Hon. Mr. Henderson:** There has been a lucrative market for this up to this moment. They are not meeting the demands that are out there. We do have some specialty cheeses. I do not know whether the members have had any of the cheese. I tasted one, and my wife, who was with me at the time we sampled it, thought it was about as nice a cheese as she had ever eaten.

**Mr. MacDonald:** Is the ministry playing any role in an effort to maximize the expansion of an industry that appears to have potential for greater expansion?

**Hon. Mr. Henderson:** I would have to agree we could be doing more than we have done. Up to this moment—maybe Jim could explain it—my understanding is it would take about 10 goats to equal the production of one cow. Those are the figures I have picked up out in the field.

**Mr. Jewson:** Mr. Chairman, that is about right. One of the biggest problems is the consistency of supply. Goats seem to dry off at this time of the year. That is one of the complaints of the processors who are processing this milk for stores like Becker and places like that. They are not milked at a certain time of the year. However, I think the goat breeders are trying to correct that problem.

**Mr. MacDonald:** It is the kind of problem they had in eastern Ontario with cow's milk for years.

**Hon. Mr. Henderson:** It is an expanding industry in more than just the milk. The goat itself is a delicacy.

**Mr. MacDonald:** Right, particularly with lots of ethnic groups, goat meat is a staple product.

**Hon. Mr. Henderson:** It is a delicacy within some communities.

**Mr. MacDonald:** I do not want to belabour the thing, but it struck me if there is the potential that appears to have emerged in a few areas, as the minister himself conceded a moment ago, it may be an area for some leadership.

**Hon. Mr. Henderson:** I want the member to know too we do have a proposal from the University of Guelph to do some research into this. We have not acted on it yet.

**Mr. J. A. Taylor:** What regulations apply to that?

**Hon. Mr. Henderson:** The same regulations as apply to the dairy industry.

**Mr. J. A. Taylor:** So all the regulations in terms of milk houses and so on will apply?

**Hon. Mr. Henderson:** They say very little about milk houses in there.

**Mr. J. A. Taylor:** No, I did not think they did. I see them in my area—

**Hon. Mr. Henderson:** The quality of milk.

**Mr. Jewson:** The quality and the premises.

**Hon. Mr. Henderson:** But there is not as good a housing system for that industry as there is for the dairy industry.

**Mr. J. A. Taylor:** I was just wondering.

**Hon. Mr. Henderson:** The quality of the milk and cleanliness in handling it.

11:30 a.m.

**Mr. Riddell:** If I understood correctly, the comment was made that one of the problems was the continuity of supply. What is the normal lactation period for a goat? If you are trying to correct the problem, what are

you suggesting, that you are going to try to extend the lactation period?

**Hon. Mr. Henderson:** Twenty-two weeks of gestation.

**Mr. Riddell:** No, I do not want gestation, I want the lactation period.

**Hon. Mr. Henderson:** It depends on the breed. It is eight to 10 months they tell me.

**Mr. Riddell:** It is about the same as the cow's, then.

**Mr. MacDonald:** Is this study you referred to from Guelph available?

**Hon. Mr. Henderson:** They have put a proposal to our research people. It is not a study. It is a proposal they have given us. They would like to do a research project on it.

**Mr. MacDonald:** I know we are always accused of assisting in the make-work projects of universities, but it seems to me this one has some potential. I leave the matter, because I have a suspicion, if I may put it without being offensive to our friend the member for Haldimand-Norfolk (Mr. G. I. Miller), that it has a potential that is as great as or greater than that of peanuts.

**Mr. G. I. Miller:** Mr. Chairman, I want to make it clear that Hewitt's Dairy in Hagersville was one of the first processors of goat's milk, and we do have several goat farmers in my riding. I am well aware of that.

**Mr. MacDonald:** Eating peanuts and drinking goat's milk.

**Mr. G. I. Miller:** The potential maybe there. I am not against it

**Mr. Chairman:** It is very healthy.

**Mr. Gaunt:** I have been doing that for years and look at me.

**Mr. MacDonald:** Let me move on to the next one here.

**Hon. Mr. Henderson:** Mr. MacDonald, I want you to know that we have channelled ministry resources in that direction. Mind you, this started off about five years ago. It is a new industry in Ontario.

**Mr. MacDonald:** One thousand per cent growth in the Peterborough and Lakefield areas within a 10-year period is pretty remarkable. I do not know whether they started at zero and 1,000 per cent is 10 times zero.

**Hon. Mr. Henderson:** I think we could apply that to Ontario.

**Mr. MacDonald:** Let me move to another one which I know is highly sensitive, and that is the whole question of horse meat. I was interested in the story the Toronto Star carried of a big plant up in the Owen Sound area. This plant is the biggest slaughterhouse

of the seven licensed in Canada to produce horse meat for human consumption in parts of the worldwide Belgian-owned horse meat operation called Equinox. These days, with horse meat costing up to \$8 and \$9 a pound in Europe, business is booming at Barton Feeders as they sort out 300 to 500 horses a week, with 99 per cent of them bound for Europe and Japan.

I know there are great sensitivities in Canada, in humane societies, among cat and dog lovers and everybody who can get into the picture, when they discover that, after interest wanes and the children grow up, the little ponies they had bought for their children are taken off to the slaughterhouse. It conjures up images that are not too favourable in the Canadian society. But perhaps we can get over that hump. If there is the kind of potential to sell at \$8 or \$9 a pound to Europe and Japan—there is another indication here that exports to Japan, the big growth market for Canadian horse meat, went up from 8.2 to 8.8 million pounds in the last two years, and should be much higher this year—I come to my bottom-line question: Does the ministry consider this an area of development that should be encouraged? Are you involved to any extent? If so, how?

**Hon. Mr. Henderson:** First, we have one approved outlet in Ontario for horse meat, the one referred to in the article.

**Mr. MacDonald:** That is the only one of the seven?

**Hon. Mr. MacDonald:** That is the only one in Ontario, I am pretty sure of that. That was in the paper some two or three weeks ago. I read it.

Let me help the member as a farmer. If I were going into commercial production of meat, horse meat would be the last one I would go to because of the amount of food they would consume. For the return of pounds of meat you would get only about half the return on horse meat. Mr. McNeil or any of the farmers who farmed in those days would tell you that to produce 1,000 pounds of horse meat you would perhaps use twice as much feed as you would for beef. The horse meat comes not so much from the little family pet, but from the horse at the track that has not paid off and has become a no-value horse. This is a means of getting some returns on their dollar.

**Mr. MacDonald:** Are you suggesting that the one plant in Owen Sound is all we need for—what is the appropriate description—spare horses?

Hon. Mr. Henderson: Yes, spare horse disposal.

Mr. MacDonald: Retired horses.

Hon. Mr. Henderson: It will not become a commercial production in Ontario as long as we can produce beef. We would give the same inspection service if another plant wanted to start up, but I would suggest to you it will not. That is a personal opinion.

Mr. MacDonald: My final point is a titillating one.

Hon. Mr. Henderson: What kind?

Mr. MacDonald: Titillating.

Mr. J. A. Taylor: We do not use that term very often on the farm.

Hon. Mr. Henderson: No, that is a new one to us farmers.

Mr. MacDonald: Well, if you go to Stratford you will get some Shakespearean uplift and you may find the titillation is there.

However, let me titillate you. Eastern Ontario is in desperate need of cash crops to diversify the production and so on. I was fascinated by a story in the Kingston Whig-Standard which says:

"According to reliable sources, some eastern Ontario farmers with gall—they all vote Tory but they have gall, apparently—"have developed a crop that stands as tall in its field as the imported competition. And it can bring hundreds of thousands of dollars into region economies. The catch is that what they are growing is illegal and, if discovered by police, could reap them up to seven years in prison. They are growing marijuana. . . . Rumour has it that, in some cases, the money their efforts earn pays for the tractors they use to help grow the nation's food. 'We have heard that rumour too,' says Constable Phil Lentz of the Perth OPP. Harvest time is at hand and he says it is reasonable to assume that police will be out in their patrol helicopters from time to time. . . .

"Recently the helicopter patrol found what could have been \$250,000 worth (at \$400 per pound dried) of plants near Killaloe"—that is Yakabuski territory. "They took up much less than an acre. The plants, some 12 feet high, were simply burned because there was no way of telling whether they had been cultivated or by whom, so there was no way of laying a charge."

Is the minister aware of this new cash crop in eastern Ontario and is he encouraging it?

Mr. G. I. Miller: Murray Gaunt said to me that is where the Tories get their new thrust from.

Mr. Gaunt: It was just a thought.

Hon. Mr. Henderson: Yes, we are aware of situations like that in eastern Ontario. If the member for Elgin (Mr. McNeil) were here, he would tell you that a group of local boys in his area had a similar patch and they happened to catch the boys trying to harvest it. We do not support this in any way.

Mr. MacDonald: Really? Where is the leadership you are supposed to give?

Hon. Mr. Henderson: We support soybeans, corn and hay production. Something that is legal and something that is good for the consumers.

Mr. MacDonald: Okay, the chapter on titillation is over. Thank you, Mr. Chairman.

Mr. Riddell: Mr. Chairman, I notice when some of these subjects have been raised, the experts in the field have been wandering up from the back of the room to sit beside the minister. But when we mentioned marijuana, nobody offered to get up.

Hon. Mr. Henderson: They are all ready to dispose of it. If they recall where there is any, they are ready to report it to me.

Mr. Riddell: You and your staff have probably surmised that, since these estimates started, I have been taking a daily diet of nasty pills.

Hon. Mr. Henderson: Really? I thought you always took them.

Mr. Riddell: The reason is, I am a little disappointed that the government has placed agriculture on a fairly low priority basis, and I could probably give you my reasons for saying that but I will not. I do not want to get personal at all. You can run your estimates the way you want, but I find it rather peculiar that you will not let your staff come up and answer the questions. You have on occasion, but not too often. It seems to me that you whisper back and forth with your deputy and other members of your staff, and as you are trying to get the answers from them you are not really comprehending the question that is being asked. Why in the world don't you let your staff answer the questions? I have never known Mr. Rennie, Mr. Lantz, Mr. Doyle or any of these people to be at a loss for words, and I think it is a waste of time and good talent here.

11:40 a.m.

I do not know what you are trying to prove. I know there are a lot of members who will take copies of Hansard, feed them back into the ridings and say, "Look here, this is what I am doing." But you are pretty solid in your riding and I do not think you have to take these copies of



Hansard and say: "Look here, I know all about agriculture. Look at the answers I am giving to the members who are asking the questions."

**Mr. McKessock:** It could be a question of value.

**Mr. Riddell:** I am just saying that in other committees they allow the staff to come up and answer the questions if the minister is not sure what the answer is. I think we are wasting a bit of time in this committee by having you trying to get answers from your staff and also trying to listen to the question.

**Hon. Mr. Henderson:** Wait a minute. In response to the member, maybe I have been spoiled in the past because my estimates have always been in the House. As you know, in the House the minister must answer all questions.

**Mr. Riddell:** There is another indication that agriculture has been placed as a low priority item as far as the government is concerned. I do not think Bill Stewart would ever have allowed his estimates to come into the committee room.

**Mr. MacDonald:** He did.

**Mr. Riddell:** He did?

**Hon. Mr. Henderson:** Wait a minute, let us get it clear who decides where they go. The House leaders decide it. I asked to be in the House at the opening of the estimates last spring, but the House leader said, "No, you are not important. We will put you down at the end." That was your House leader.

**Mr. Riddell:** I don't recall, Donald, since I was elected in 1973, ever dealing with the ministry's estimates in a committee room. It seems to me we always did it in the House.

**Mr. MacDonald:** My point is simply that I do not think it is downgrading to consider them here. I would rather sit around a table where we are all within reaching distance of each other.

**Mr. Riddell:** I do not mind sitting around a table doing it either, but I am just saying that it looks to me like another indication of agriculture's being downgraded.

**Mr. MacDonald:** In this range of protest, I have a small point, but let me make it now. The minister gave an introductory statement. All his staff had copies of the introductory statement and when we asked if we could get a copy, he said, "Later." I have yet to see it. When he gives an introductory statement as he did at the begin-

ning of the estimates, we should have it and be able to follow it.

**Mr. Riddell:** My colleague Murray Gaunt tells me that the estimates were in committee twice since I was elected, and that it was on Bill Stewart's insistence that it did come into committee.

**Mr. Gaunt:** It was by his consent; he encouraged that. He thought it was a good forum.

**Hon. Mr. Henderson:** Mr. Chairman, let us make it clear, it is my understanding that the House leaders decide where each estimate goes. We have one House leader, your party has one, and—

**Mr. MacDonald:** My main point is that I do not think it is downgrading to bring it here. There is enough other evidence of the downgrading of agriculture, so do not weaken your case by—

**Mr. Riddell:** The fact is, when it is in the House, Donald, sometimes you get press coverage. How much press coverage do you get in a committee room and really, how well versed are the people out there about the agricultural industry and what the government is doing? There are different ways of looking at it.

It seems to me, Mr. Minister, that, either in the throne speech or in a statement which you made after you were appointed minister, there was an attempt on the part of the government to strive for self-sufficiency in the agricultural industry in Ontario. Yet, I fail to see where the actions are actually following up those words.

My colleagues have been talking all morning about food production. Let us try to put the whole thing into perspective. Maybe I am repeating some figures here, but I think it is really shocking when you stop to think of what has been going on in relatively recent times.

As Donald MacDonald indicated in his opening statement, we have a large country here in Canada but, as strange as it may seem, only one half of one per cent of the total land mass in Canada is prime agricultural land. Then he went on to state that half of this prime agricultural land is in Ontario. Really then, considering the vast prairie lands and the agricultural lands throughout the rest of Canada, Ontario is still the prime agricultural province.

In 1979, Ontario farms produced \$4 billion worth of agricultural products, which was fairly close to about 30 per cent of Canada's total. In 1979, or about the same period—I think these are 1978 figures but I imagine it would be the same for 1979—

Canada imported a little over \$4 billion worth of agricultural products. Here we have Ontario producing \$4 billion worth of agricultural products, and we have Canada importing \$4 billion worth.

As much as the minister may wish to disagree with this, less than half of those products were tropical, Mediterranean or off-season produce, so fully \$2 billion worth of imported products was food that easily could have been grown and processed in Canada.

Ontario accounts for approximately 35 to 40 per cent of the Canadian imports of agricultural products. Yet, Ontario's contribution to Canada's agricultural exports is a scant 15 per cent. So I guess you could really say that Ontario is a net importer of food; but in plain, simple language, Ontario is food-deficient.

Is it any wonder that it is food deficient when you take a look at what has happened over relatively recent years? I am talking now about the land assembly program of the Ontario government. Let me just quickly run over it.

In north Pickering, there are 20,000 acres, because there was some thought at the time that there was going to be an airport and, therefore, that some kind of development was likely to take place if the airport went ahead. We have 10,621 acres in Edwardsburgh for an industrial park. One of John White's dreams, it never materialized and is now growing into poplar trees. In Townsend we have 12,000 acres for a city site, another one of John White's dreams. In South Cayuga, there are 12,000 acres meant for a city site—now a dump site.

In Saltfleet, south of Hamilton, we have 670 acres which was for a residential development, purchased by a person we do not know too much about; I trust he was with some kind of real estate company. He purchased the land for \$1,000 an acre and turned around and sold it to the government for \$4,000 an acre. Then we had 235 acres in Etchener, 2,971 acres in Cambridge, 2,300 acres in Milton, 5,516 acres in Ottawa, 2,376 acres in Whitby, 1,267 acres in Oakville, 758 acres in Windsor-Riverside, and other land which comes in small parcels: Nepean, Peterborough, Atikokan and Cobourg, amounting to 7,567 acres of land which I call "other land". All told, this is 79,281 acres of land, which was assembled by the government for purposes other than agriculture.

I know you are going to come back and say, "Well some of this land is still being farmed." But I am going to tell you that the government owns it, and there is nothing stopping the government cannot turn around

and turn that into some type of development other than agricultural development. That is the end of the land for agricultural purposes.

We know the Niagara region is trying to get another 7,000 acres. This might have been reduced to 4,000 acres. We know there are 12,000 acres in Mississauga which I brought to the attention of the minister, and he said: "We are not doing anything about that. It is the hole in the doughnut, there is development all around it and there is nothing we can do. That land has to go for purposes other than agricultural."

11:50 a.m.

When you add all that up, we are talking about 98,281 acres of land or, to round that out, 100,000 acres of land that this government or local governments have assembled to turn into something other than agricultural production.

I think this is shocking when you stop to think of the little prime agricultural land that we have in Ontario. Yet the government has gone out and purchased this land, and I am wondering what kind of agricultural presence there was on the part of the ministry here in connection with the purchase of that land. I know how much there is in connection with the purchase of land by foreign investors. I am worried about this and I am going to be harping on this just as often as I can because, again, the minister is going to say: "So what? The land is sold to some foreign investor, but it is going to be farmed. They cannot take that land and transport it over to their own country." I agree with that. But I also know that no farmer renting land, or very few farmers renting land, will take care of that land the same way that they would if they owned the land.

We heard Jim McGuigan talking about the erosion that is taking place on land and the fact that the side hills on which there was some kind of production before are not producing anything now. But when you rent land, you are not going to fertilize it to the same extent that you would if you owned it. Farmers who own land try continually to build up their land. Farmers who rent land are going to fertilize it to meet the crop production, but they are not going to continue to build up organic matter in the soil to the same extent that those people who own land are.

**Mr. J. A. Taylor:** Why did the government knuckle under the the pressure of the opposition parties, the land bank?

**Mr. Riddell:** The point I am trying to make is that we are losing a lot of good

prime land in Ontario which should be used for agricultural production, and the government is very guilty in this loss of land. In other words, there is really a fallacy in this government's policy regarding farm land.

I am wondering when it is going to stop. I am wondering if you are going to start to make some kind of an input into decisions that are being made about the squandering of this farm land. I know you did not go down and make any kind of input into that land in the Niagara region.

I have some kind of a report here—I do not know where it is right now but I read it this morning—that you refused to let your staff go down to participate because, if I remember correctly, you said, "It is going to come to cabinet anyway, so why would I waste my resources by sending them down there when we are going to be dealing with it in cabinet?" I know what kind of deals you make in cabinet. I brought that out, that you start overturning decisions of the Ontario Municipal Board and local planning decisions. So I am certainly not convinced that by having this come to cabinet we are going to be protecting this great agricultural land.

I am going down to the St. Lawrence Centre tonight, Donald. The topic is, "Farming is heading towards an ecological disaster," something like that, is it not?

**Mr. MacDonald:** "Agriculture and Environment."

**Mr. Riddell:** "Agriculture and Environment." Well I am sincerely hoping that something will come up at that meeting about the prime agricultural land and what is happening in Ontario.

**Mr. MacDonald:** May I intervene here briefly? I want to pick up on an interjection made by the acting chairman (Mr. J. A. Taylor), as he was walking up to take the chair, that we were forced into land banking. By coincidence—I do not know how many of you saw, on the CBC national news last night, the report of the land bank that has been built in Saskatchewan, where they have a million acres now in the land bank.

**Hon. Mr. Henderson:** I thought you were here.

**Mr. MacDonald:** I got home in time. I left here at 10:30 p.m. and I can get home quickly.

**Mr. McKessock:** That was "Bank for Agriculture."

**Mr. MacDonald:** "Bank for Agriculture." But there are two points here. First, the young people who want to get into agriculture and cannot get in because of the capital outlay of one quarter of a million dollars or

something of that nature, are getting into farming by leasing land. They are leasing it on the long term so this copes with the problem that you indicated: that if they are only renting the land they are not going to build it up and treat it as though they owned it themselves.

May I remind the minister that his predecessor had a study of agriculture, called Challenge of Abundance, done back in 1969? One of the recommendations was that farmers should consider leasing a significant proportion of their land to avoid the incredible capital costs that are involved today. If you are going to provide an entrée to allow young people in, land banking is very important. It is there. We have it in our ARDA program, except that in the ARDA program the accumulation is of land priced so low that you are dealing with marginal lands; you are not dealing with prime lands.

**Mr. McKessock:** Let us not have the government buy the farms for us. Surely we can take other steps that will keep the agricultural land at a reasonable price.

**Mr. MacDonald:** I am not suggesting this is the only solution. But if farmers cannot get in because of the capital costs of the land, and the government has a land bank and makes that land available on long-term leases so that farmers will treat it as though it were their own land, then you have opened up the door to a lot of young people getting into agriculture who at the moment simply cannot consider it.

**Mr. McKessock:** The only case in which you would have to do that would be if they did not now take steps to preserve agricultural land for agriculture, which would keep the price of it at a certain level and keep foreign buyers out. If they take the proper steps now, there is no way the government will ever have to purchase farms so that farmers will be able to lease them back. I think the government should stay out of land buying, whether it is for agriculture or building cities.

**Mr. MacDonald:** That is a good Liberal position.

**Mr. McKessock:** If they want to buy land they should buy the natural resources that they try to get the rest of us to preserve for the rest of Ontario, like the Niagara Escarpment lands and the aggregate lands. If they want to put money into anything they should buy something they call "natural resource."

**Mr. MacDonald:** Land is a natural resource, the prime natural resource.



**Mr. McKessock:** But it is run by private industry and the farmer.

**Mr. Riddell:** You cannot make any more of it. I do not disagree with you, Donald. I did not disagree with the old ARDA program whereby they would buy the land and lease it to the farmer for a period of 10 years with the option of that farmer's buying the land at the original price the government had paid. I see nothing wrong with that. But this land which I have named here was never bought by the government for the purpose of leasing for agricultural production.

**Mr. MacDonald:** I am not arguing with you. What I was doing was commenting on the interjection of the acting chairman, who is now a backbencher again; namely, was it the opposition parties that forced us into land banking? I am suggesting that land banking is one of the ways of coping with some of the problems in agriculture; it is not the only answer, but one of the ways.

**Mr. Riddell:** Yes, and I do not disagree with that. If the old ARDA program can come back—and believe me, the government is going to have to compete with foreign investment. Let us see how the government likes having to compete with this German, Italian and Japanese money, and all the rest that is coming over. Let us see how they like having to compete with it to buy the land and then lease it back to these young people. They may have second thoughts if they are actually in the land purchasing program.

**Mr. MacDonald:** You ain't seen nothin' yet. Wait till the Arabs get in.

**Mr. Riddell:** I quite agree.

I just wanted to sum this whole thing up by drawing to the minister's attention the ludicrousness of programs that have been adopted by this government in taking all this good, prime agricultural land and trying to develop it into something other than agriculture, when we have so little. One half of one per cent of Canada's land mass is prime agricultural land, and one half of this is in Ontario. The consumers feel they are paying a lot of money for food now. It seems to me we read articles every day about the rising price of food, and consumers' complaints that they do not have enough money to buy the food they require. If we are going to continue on with the policy of this government then, I am going to tell you, we have not yet seen high-priced food.

**Mr. J. A. Taylor:** What policy are you referring to?

**Mr. Riddell:** The land assembly policy that I have just gone over, whereby they have been buying all this land, and the refusal to do anything about foreign investment. We got a registration bill in.

12 noon

The member for Rainy River (Mr. T. P. Reid) asked me in the House the other day, "Have you heard anything about the minister actually going to restrict the purchase of agricultural land by December 31?" I said: "No, I have not heard it. I cannot believe it." He said, "I just wondered, because the word in Germany right now is that the Ontario minister is going to restrict the sale of land to foreign investors and, apparently, it has accelerated; they are buying."

Talk to Pat Reid to see what is going on in Rainy River. I don't know how much land is up there, but it seemed to me he talked about 800,000 acres that one German investor is endeavouring to get his hands on in the Rainy River area. We know that land can produce with a bit of drainage. I have been up. I have looked at it.

**Mr. Chairman:** Top land.

**Mr. Riddell:** You bet. We can sit idly by and watch these foreign investors send their money over to buy up these large blocks of land. I say it is wrong, wrong, wrong. I am going to continue to harp on this until we get some action on the part of this government.

**Hon. Mr. Henderson:** Mr. Chairman, that is pretty much a repeat of the honourable member's remarks.

**Mr. Riddell:** You bet, and I will repeat them more than once.

**Hon. Mr. Henderson:** If you remember, Mr. Chairman, I did respond to the member. If it is your wish, I would be glad to take an hour to respond but, before I start, I just want to remind the member that Ontario farmers, in my opinion, have been doing a pretty good job.

**Mr. G. I. Miller:** Nobody said they have not.

**Mr. Riddell:** Who said they have not? Do not bring in these red herrings. They have been doing a good job considering the assistance they have been getting.

**Mr. MacDonald:** They are blue herrings, not red herrings.

**Hon. Mr. Henderson:** Be they what they may, the member leaves me with the impression that he is disappointed in our farmers.

**Mr. McKessock:** No. It is the Ontario government's assistance we are disappointed in.

**Mr. Riddell:** Absolutely; disappointed in the Ministry of Agriculture and Food in Ontario.

**Hon. Mr. Henderson:** Of course, I get the other impression but I guess it is a matter of the way you look at it.

**Mr. Riddell:** You can take whatever impression you want.

**Hon. Mr. Henderson:** Mr. Chairman, I just want the committee to know that corn production during the past 10 years went from 95 million bushels—

**Mr. MacDonald:** Now you are repeating yourself.

**Mr. Riddell:** We know all that. Just hark back to a former deputy minister's words—and they were never more true—that the farmer has been sacrificed at the altar of his own efficiency for too long. Having said that, there is no sense in coming in with how they have stepped up the corn production and the rest. It is the farmer who has done it. Sure, there has been a bit of research and we have come up with better hybrids. But don't you take the credit for for it, Mr. Minister.

**Hon. Mr. Henderson:** I take it that the members want this to be a one-sided debate. They want to do all the repeating and not have the minister respond.

**Mr. MacDonald:** Ask him to read the record. You have it on there.

**Mr. Riddell:** If you are going to respond with increases in production, I will read the record. There is no sense in taking the time of the committee.

**Mr. Chairman:** I don't think we are getting very far with this. A lot of it is repetitions.

**Mr. Riddell:** You agree with me on a lot of this, don't you, Mr. Chairman?

**Mr. Chairman:** To some extent.

**Hon. Mr. Henderson:** The rest of us do not agree with you in any way, shape or form.

**Mr. Riddell:** I appreciate your comments on the dairy thing. This year you came out and you were the old Osie Villeneuve trying to protect the dairy farmer. I give you a lot of credit. I do not know whether it is because you are going to be out of the political arena after the next election, but keep up the good work.

**Mr. Chairman:** I can see it coming.

**Mr. McKessock:** There has been a lot said about what assistance is not available in Ontario. Somebody just came back from New Zealand and handed me an information kit. In New Zealand you can get assistance on interest rates to buy land, machinery, cattle, or whatever. It ranges from seven and a half to eight per cent. So it is not only the other provinces in Canada that are giving assistance, but, of course, other countries of the world are giving their farmers assistance. We are on a world market with food and when other countries are getting assistance that puts us further into a detrimental position.

I wanted to elaborate a little more on the Ardiel and Hartman group, as you call them, who applied for assistance on cold storage. I did not have the figures in front of me the other night but I do have them now. It annoys me to hear you repeat how you want to help the fresh fruit industry, how you want to expand it and how you wish to assist them.

The other morning at the Ontario Federation of Agriculture breakfast, I took a pencil and jotted it down when you said you would be happy to match federal dollars. I thought of the assistance that the Ardiel and Hartman group from Clarksburg asked for. I am not here to defend the federal government any more than the provincial government. In fact, I condemn both of them more than anything else.

**Mr. Riddell:** A plague on both their houses.

**Mr. MacDonald:** I agree.

**Mr. McKessock:** I find both of them come out and make great announcements that they are going to do something, and nothing happens. You get the announcement and that is all. Bill Davis is sitting on Trudeau's lap and I think they are teaching each other things. They come out with the same kind of nonsense that nobody gets anything out of.

**Hon. Mr. Henderson:** Say that again. What did you say about Mr. Trudeau? You said something about Mr. Trudeau doing nothing.

**Mr. McKessock:** That is right. I said I am not here to protect him or the Ontario government either. Both of you are much the same. You are sitting on each other's laps. You come out with big announcements but nothing else.

**Mr. G. I. Miller:** Did you see that cartoon the other day?

**Mr. MacDonald:** When you have New Democratic Party governments in both places, you will get action.

**Mr. McKessock:** We will not mention the NDP.

I would like to see if you remember your response to Ardiel Brothers and Hartman when you turned them down for assistance on controlled atmosphere storage. You said:

"Your proposal for an additional controlled atmosphere storage facility has been carefully considered. All aspects of the proposal and the total benefits have been exhausted. Unfortunately, I am not able to authorize for your company any financial assistance. Your proposal did not qualify for assistance under existing government programs. If, however, new programs become available that will be of assistance to you in the immediate future, I will advise you."

**Mr. Chairman,** as soon as they get out of this huddle, I will continue, but I want to make sure they are listening to what I have to say.

**Hon. Mr. Henderson:** We have two ears. We make use of them both all the time. They are quite active.

**Mr. McKessock:** Sometimes I wonder.

I would like to go over your response to me on July 7 when you tried to detail why they were turned down. Perhaps you have not seen this letter before either.

**Hon. Mr. Henderson:** Wait a minute. I remember almost as if it were—

**Mr. McKessock:** Let me see, you did sign it.

**Hon. Mr. Henderson:** Yes, sir, and, sitting here, I can tell you practically everything that is in it. Go ahead and read it.

**Mr. McKessock:** All right, let us go over it. Perhaps you can qualify some of the things. This is regarding Ardiel Brothers and Blue Mountain Nurseries:

"Thank you for your letter relating to the Ardiels' and Hartman's application under the employment development fund.

"It is true, as you point out, that the people from those companies met with myself and my staff. While we certainly concerned both our eagerness to assist in any way we could, and that we would bring the application to the Treasurer's attention, we were never in a position to offer any guarantees.

"Rather than indicating to the companies that they had met all the requirements, we pointed out to them at the beginning a

number of major hurdles that we would try to help them overcome. These were as follows:

"1. The Ontario government's partially underwriting the costs of this storage facility would possibly be in restraint of fair trade, given that it would compete with existing facilities which were totally privately funded."

When you said you wanted to protect and help the fresh fruit people, you did not say you would then come back and say you could not help them because you were going to interfere with competition or free enterprise. If that is the case you should have said, "We are not going to help anybody." Your letter goes on:

"2. Aiding these two or three farmers (versus dozens along the shore area) would possibly be favouritism."

12:10 p.m.

If you help anybody, it is going to be favouritism, I guess. Why make an announcement that you are going to help somebody and then come back with statements like this? It continues:

"3. The direct employment from such a facility was virtually nil (about one man-year). There was some indirect employment due to the multiplier effect of encouraging producers to grow more apples and thus realize more farm 'man-years'. However, even with the indirect added on, total employment did not begin to meet the EDF criteria of one 'man-year' per \$2,000 grant."

That was corrected later and we will get into that in a minute. There was no positive response when they did add the packing plant to the facility. You paid no attention to that.

"4. Financing:

"A. The group was asking, as you point out, for 33 per cent of the capital cost versus the one to 12 per cent EDF norm. Anything beyond the 15 to 20 per cent, even for the slower paying out food industry, is unrealistic. The federal government, as you know, has agreed to fund a third, as it has for previous storage applications."

That is right. The federal government has approved to pay one third of this facility of \$750,000. Here is a case where the federal government money is waiting for provincial money.

"B: The payout on the \$750,000 capital invested is an impossibly slow 20 years, based on the \$39,000 profit per year that the group guesstimates. The profit would be even less if the group's members factored in their labour time.



"Notwithstanding the severe limitations of the application, the Ministry of Agriculture and Food recognized the import replacement opportunity if we could help such companies effectively extend Ontario's apple growing season by expanding 'controlled atmosphere' storage facilities." You are saying again that it would be great to help them because it would expand the apple growing season or expand the apples, but this is said after saying you will not help them. "Therefore, knowing that this group had been turned down by the Ontario Development Corporation, we tried to get it approved under the employment development fund.

"While we were not successful in the EDF application before the Treasury, the Treasury was able to offer the following possibilities." Do you know what the provincial Treasurer offered, as further possibilities? Two programs under the federal government: the Federal Farm Credit Corporation and the Federal Business Development Bank. That is the assistance they got from the Treasurer.

Mr. Riddell: He is all heart.

Mr. McKessock: Yes, all heart: "Go somewhere else". Yet, at the same time, he is saying they want to help. These are just two family farms in Clarksburg. When I told them it was not creating enough jobs—the minister said it was going to create one job—they said: "We did not want to spend a lot of money in the first year to get into the processing of this. We want to build our storage first and later add the processing." I told them they could see by what the minister had said that they were going to have to do it all at once if they wanted to get any assistance. So they came back to me a week later and said, "Okay, we will go that route."

I brought this further proposal to you from them. It has now increased the price up to \$850,000. It would also add an additional 12 to 15 new jobs. I sent this to you, and you responded as if you had never heard what I said to you. You said: "As I pointed out in my July 7 letter"—that is the one I just read to you—"there were a number of severe limitations with the application. My ministry attempted to help the company through EDF but was not able to have this application qualify."

There you go. It did not qualify because it did not create enough jobs. I sent you their second proposal, and you replied as if you had never received it.

I also have here for this proposal a letter from the bankers of both farmers saying

that they are in good standing. I will not read all of them, but one letter I will read. It is from Kenneth R. Wilson of your own Ministry of Agriculture and Food, an extension horticulturist of the soils and crops branch. He wrote me supporting this application. I would like you to listen to what he has to say:

"Dear Bob:

"The southern Georgian Bay apple growers' district has been rapidly expanding over the past six years. The Ontario Apple Marketing Commission records confirm the presence of 734 acres belonging to the commercial operators that are not yet old enough to bear fruit." There are 734 more acres coming on in the area.

"A large part of successful marketing of apples concerns the cold storage of the fruit. Without the ability to store fruit, a grower must take whatever price is offered at harvest because his perishable crop will keep only if refrigerated.

"It is a known fact that this area is desperately short of storage facilities and, as a result, the growers are increasingly concerned about being at the mercy of the marketplace." Here is your own ministry remarking on the shortage of cold storage in the area.

"If one excludes the acreage yet to produce, and only considers those acres in the area that are cropping, the anticipated yearly increase in production, as those plantings continue to develop, cannot be held in the present local storage.

"Two operations that have a large growing commitment to the apple industry are the Blue Mountain Orchards and Nurseries Limited, Clarksburg, and the Ardiel Brothers of Thornbury." These are the two groups that are requesting assistance.

"The combined holdings of these two enterprises represent some 335 acres of producing orchards, and around 220 acres of young, high-density plantings that are approaching producing age."

This group is asking for assistance to build this new cold storage facility, and has 220 acres more coming into production. This is not a fly-by-night business going on here. They are well established apple growers. As you see, they are looking towards the future with 220 acres of young orchards coming on as well as the 335 acres now in production.

"Growers' groups such as this need support in establishing convenient storage facilities in order to survive under the present economic situation." It is signed, "Ken R. Wi

son, Extension Horticulturist, Clarksburg, Ministry of Agriculture and Food."

Mr. Minister, I hope you would have some direction now as to what these young farmers can do to get the assistance from the Ontario government that is needed to go along with the \$250,000 that is committed by the federal government to get this cold storage facility off the ground.

Hon. Mr. Henderson: I would have to say that Mr. Wilson from the extension horticulturist department wrote a very true and honest letter, from his position and his representation of what his responsibilities are towards those people. He has detailed pretty well how it would be helpful. But it is not within Mr. Wilson's jurisdiction to deal with employment and funds. My original letter certainly still stands.

Mr. McKessock: Do you mean there was nothing said there that changed your thoughts on that first letter? There are a couple of points I want to bring out. The storage is needed. This was pointed out by our own ministry.

Hon. Mr. Henderson: I say Mr. Wilson's letter is entirely true.

Mr. McKessock: Okay. The further proposal by Ardiel and Hartman that they would add the processing division to this cold storage at this time, if that is what has to be done, will add 12 to 15 new jobs.

Hon. Mr. Henderson: If the member will look back, if I remember the original project, involved about \$750,000. Now he tells me the addition will be another \$110,000 or \$15,000.

Mr. McKessock: That is right.

1:20 p.m.

Hon. Mr. Henderson: So let us suggest that we come along with 10 or 12 per cent of that, \$10,000 or \$12,000.

Mr. McKessock: Ten or 12 per cent would be \$80,000.

Hon. Mr. Henderson: No, 10 or 12 per cent of the area in which he is going to make the employment.

Mr. McKessock: Let us face it. You have to have the cold storage. It is a part of it. That was the problem here. They were going to build the first phase of this processing facility with the cold storage. You cannot have a processing plant without cold storage.

Hon. Mr. Henderson: The first phase was the cold storage plant.

Mr. McKessock: That is right.

Hon. Mr. Henderson: I forget the pennies and change, but it is about \$750,000. The government of Canada was going to put in one third. So they are going to need \$500,000. As I remember it, there were two brothers and a neighbour.

Mr. McKessock: There were two farmers; two setups.

Hon. Mr. Henderson: As I remember it, they were going to have to dig up \$500,000. So in order to qualify for the employment incentive fund, they suggested they would spend \$100,000.

Mr. McKessock: No, they suggested they would complete the project. It was not just the \$100,000 that was going to create the jobs. You have to remember that the first \$750,000 was going to create those jobs, too. This was the leg up to that plant that was going to create the jobs.

This is where the problem lies. If they had come to you in the first place with this finished proposal at \$815,000, you would have looked at it in a different light, saying that this is going to create 12 to 15 jobs. Now you are saying that because they are going to be more conservative, if I can use that term, and build only the cold storage part first, you are going to discriminate against them. You are now going to say that, by adding the processing facility, the extra \$115,000 is all that contributes towards creating jobs, which is not so. It takes the whole plan, the whole \$815,000 to create those jobs. You cannot have a processing plant without the cold storage.

Hon. Mr. Henderson: With all due respect, if the member goes back to the original project, he will remember that it does not create more than one man-year's work. It turns over a profit, I believe, of \$30 million.

Mr. McKessock: Yes, but you have to look at it now as a processing plant because they have come back to meet your requirements, as they were going to do in the second or third year anyway.

Hon. Mr. Henderson: My response to the member is, if we had looked at this as a job creation program with a \$115,000 expenditure, and given them five to 15 per cent, or about one half, it would have been a \$10,000 or \$11,000 grant. How is this going to help strengthen the economic situation?

Mr. McKessock: Do you not agree that it takes the storage facility as well?

Hon. Mr. Henderson: No.

**Mr. McKessock:** How can you have a packing plant without storage?

**Hon. Mr. Henderson:** They are two separate projects as far as I am personally aware. The one put to me involved the farmers doing their own work.

**Mr. McKessock:** Then this is our stumbling block right here.

**Hon. Mr. Henderson:** The owners presented that to me.

**Mr. McKessock:** The reason they did it is because they wanted to do it in two separate phases. They did not want to build it all at once because of the cost. They were going to build one first and the other later. But it is very easy to see now that, for financial reasons, they should have done it all at one time, and they have now agreed to do that.

**Hon. Mr. Henderson:** I have set out our position quite clearly.

**Mr. McKessock:** But do you agree that you cannot set up a processing plant without a storage facility?

**Hon. Mr. Henderson:** I think that is looking way out in the deep blue yonder. A storage facility down the road might well set up the one without the other.

**Mr. McKessock:** You think they could? My feeling is, if they have come to you and said, "We are going to build a storage—"

**Hon. Mr. Henderson:** We could argue the case either way.

**Mr. McKessock:** Talk to an apple grower and he will certainly tell you that you are wrong and that there is no way you can have a packing plant without storage. It is impossible. If they had come and said, "We are going to build a packing plant," your people would have said, "Where is your storage?" If they had had it the other way around, it would have been better for their position because you would have said, "You have to add on that storage and then you will have a facility." Really, that is what has happened. They were putting the horse before the cart instead of the cart before the horse, which is what we are doing right now.

**Hon. Mr. Henderson:** The decision has been made on that at this time. I am not in a position to promise anything different at this moment.

**Mr. G. I. Miller:** Mr. Chairman, I finally found my press release which I would like to put on the record but, first of all Donald MacDonald talked about the production and

the uses of land, and I would just like to indicate to the ministry that there is more production on the South Cayuga site than there was under the original owners. I think the land has been worked and there were long-term proposals for the farmers to work it. I am sure the production could be more than doubled. I would like to ask whether the minister would consider requesting that DREE assistance be provided for that area. I would put that as a direct question to you. Would you do so?

**Hon. Mr. Henderson:** I am not sure what the honourable member is really referring to. Is he referring to the land owned by the government of Ontario?

**Mr. G. I. Miller:** The land that is owned by the government plus the land in that area of Haldimand county, in the whole county of Haldimand.

**Hon. Mr. Henderson:** If the member knowing what I have presented to the government of Canada, would care to set out to me the argument in writing as to why the area is entitled to help ahead of the area I have presented and which have been turned down, I will be glad to look at it.

**Mr. G. I. Miller:** Thank you.

On the proposed South Cayuga waste site my statement of November 26, 1980, read "The government's decision to locate liquid industrial waste site in South Cayuga is irresponsible and totally unacceptable. An attempt to bulldoze this decision through the Legislature in the same way that the regional government was forced on that village must be fought every step of the way. Yesterday's statement by the minister that no assessment board hearings will be held is a clear indication that he is, himself, well aware that such hearings would result in resounding rejection of the South Cayuga location. It is also an admission that he is either unwilling to carry out his responsibilities as the protector of Ontario's environment, or incapable of doing so."

"More than 90 per cent of the South Cayuga area is prime agricultural land. Eight units in the region are the second highest in Canada, and the proposed site is located in the flood plain close to the ecologically significant Grand River, the Holmes Creek with its service water and wetlands. This is also the spawning area for Lake Erie. The town of Cayuga is only nine kilometres away, and Dunnville, about 13"—and I think 13 might be stretching it a bit. "Port facilities are being developed, including grain storage at Port Maitland on the Grand River."



They are in the planning process now and any one of these factors should, in itself, be sufficient to make South Cayuga out of the question for liquid industrial waste from an environmental point of view. Taken in combination, they make the government's decision either ludicrous or criminally negligent. "The decision is clearly a political one, intended to take advantage of the white elephant government land holding. This would be the fifth site chosen by the government to handle some components of liquid industrial waste located in a Liberal riding. As Stuart Smith pointed out, the odds against this happening by chance are about 4,000 to one. We are going to have to fight against the government on this decision with every means we can find. We will fight them in the House, in the press, at public meetings and at the site itself if necessary." That is the end of my statement.

2:30 p.m.

**Hon. Mr. Henderson:** The member is speaking in pretty strong language.

**Mr. G. I. Miller:** I am speaking that way not only on behalf of myself, but on behalf of future generations. I would like to point out to the minister that we had young people who went to Germany on a trip sponsored by some of the Junior Farmers, and they indicated that in Germany the only way someone can acquire land is by passing it down from one generation to the other. The person is not within that family, he may not have a chance. Or there is the option of buying it at a price of \$10,000 per acre. When you look at that and at the price we paid for this land, \$2,000 per acre, the land could be cheap for future generations.

When you drive in from my area to Toronto, you see the conservation area in which they are setting up another farm, the Monte Creek conservation site, where they spent hundreds of thousands of dollars so we can keep our farm heritage. I say that is a good example of wasting our money when we have the opportunity to leave the land in agriculture now. We have invested in development in the area, have provided housing for our young people and provided jobs. We still need agriculture as the backbone of our country. I will take a strong stand on that.

**Mr. J. A. Taylor:** Mr. Minister, I am just trying to relate to what Mr. Miller and the Liberal critic have said, because I certainly sympathize with Mr. Miller's feelings and I think he has concluded that there should not be a repository, or whatever the

current word is for a dump site, in that particular area. That conclusion, of course, is in advance of any further investigation or, if there were a hearing process, presumably in advance of the hearing process. That decision has been made by Mr. Miller and, I suppose, by the people who support Mr. Miller. I guess, like anything else, what particular position you take depends on whose ox is being gored.

Mr. Riddell has returned now; he made some comment about the government acquisition of land for nonagricultural purposes. If I am not mistaken, these lands were acquired for nonagricultural purposes, according to the representations Mr. Riddell made. If that is so, I do not see how the use that is proposed—which is a use involving, from what I have read and heard, about 100 acres—would be more detrimental or more threatening to the agricultural potential than utilizing all of the holdings for the purpose for which they were originally acquired. I am comparing now. I am not making a judgement in terms of whether the government should have acquired it in the first place, because it is certainly not my philosophy for the government to be buying 20,000 acres of land at one level or another as itemized by Mr. Riddell.

Even Mr. Riddell disagrees with the comments of Donald MacDonald in terms of the Saskatchewan philosophy. While Mr. Riddell may go along with government acquisition, he sees the need for the turnover of those lands, even if it is after a decade, to the farmer again so that those lands are in the hands of serious farmers, rather than having the government permanently involved in state farming or a communal type of farming. I think there is a basic difference even between Mr. Riddell and Mr. MacDonald.

What I am trying to relate is the competition of uses. The current proposal is to take 100 acres, as I gather, out of agriculture production, if it is being used for that purpose now, as opposed to taking most of it out of agricultural production—how many thousand acres?

**Mr. Riddell:** There are 12,000 acres. You must remember that there are 100 acres for the South Cayuga site, but there is the buffer zone—

**Mr. J. A. Taylor:** Six hundred acres.

**Mr. Riddell:** —and the other control done. We have not figured it out. We are going to consider the other control zone to be about 1,000 acres.

**Mr. J. A. Taylor:** Could that not be used for farming?

**Mr. Riddell:** Not for human consumption.

**Mr. McNeil:** But it is used for the production of grain, corn and soybeans.

**Hon. Mr. Henderson:** It is used for the production of seed grains, and it was suggested that Christmas trees could be grown there. Agricultural crops.

**Mr. J. A. Taylor:** I am trying to be objective about it. I am just wondering whether this might even be the lesser of evils if your prime concern is the preservation of agricultural land. Think of the threat to agricultural land if it all went for housing. But then, I suppose, we have to keep our perspective. Toronto would still be muddy York if you did not use some agricultural land and, I think, some good agricultural land for places to live and to build your commerce and industry on.

**Mr. McKessock:** What about all the rough land you have in Ontario?

**Mr. J. A. Taylor:** The trouble is that there was a reason for locating industry and people where they have been located. You have to look at history and current socioeconomic reasons as to why certain places develop and certain places do not. It happens to be in most of the good farm area—and if you look at Canada, it is really just along our border that we have the best farm land. Yet the population is competing for that same farm land. So I guess it is a matter of arriving at a balance and ensuring proper planning and controls.

**Mr. McKessock:** But our transportation facilities have changed greatly since the founding of Canada. At that point, I suspect cities were located for transportation reasons as much as anything. Now we could move into northern parts or parts where agricultural land is not as valuable and be able to transport our goods. Years ago you could not do that.

**Mr. J. A. Taylor:** I understand the location on the water transportation routes and how important they are; they were more important than they are today. But it is difficult to decoy development away from the metropolitan areas, the big cities. I think the government's Toronto-centred region plan was to do that kind of thing. I will not comment on how successful that might be. It is sometimes difficult to convince people that northern Ontario is as comfortable as southern or even eastern Ontario. So you are dealing with people, and not only the people here, but people who are coming in from

other countries and other provinces. Where do they want to locate? The magnet is the big city. The pressure is put on the city and you are then competing with the area where you have the good agricultural land.

It is a difficult problem. I am not criticizing Mr. Miller for saying, "Look, if you need a dump, or repository, or whatever euphemism you are using for a dump these days, don't put it in my backyard."

**Mr. G. I. Miller:** It is a pioneer decision we are making. If you do not go through the proper procedures—what I am asking for is an environmental assessment hearing the same as is done anywhere else in Ontario. I think our people should have that right instead of the government coming in and saying, "That is going to be it and we will not have the hearing to justify it."

12:40 p.m.

That is the point. It is very simple. I think it is wrong. If they can prove it, it is okay. But to think of putting every bit of Canada's industrial waste in a virgin area in a river-based valley with a lake, on good agricultural land, without an environmental assessment hearing—the first such waste site in Canada—I tell you it is the wrong process. It is the principle, that is all I am saying. I will leave it at that.

**Mr. J. A. Taylor:** I do not want to be argumentative and involve this ministry and its estimates in something which really is a matter of Environment. I understood you to say earlier—and I might have misinterpreted you—that you have made your decision in advance of an environmental assessment hearing, just as the government has made its decision in advance of an environmental assessment hearing. Your position on the one hand is that it should not be there, and the government's on the other hand is that it should be there. I think the proposition is that if, after further review and investigation, it seems it should not be there, presumably because of environmental factors, then it will not be there. But maybe you could clarify that your only opposition is that there is not the opportunity for an environmental assessment hearing process. Is that right?

**Mr. G. I. Miller:** That is correct. As have indicated, it could well be unjustified but a hearing would indicate that. They had the Glanbrook dump. They had a hearing for that and there was a lot of opposition. But at least they had a good plan. The hearing was done before, it was not forced through. That is what the people are

saying. Any other planning that is taking place in the region, such as the town site, the Stelco industrial park or any such development—even the Port Maitland proposal of Misener Management Limited or the main central sewage proposal, all have to have environmental hearings and the region approves it. The region is not made up of irresponsible people; they just want justice, that is all.

**Mr. J. A. Taylor:** What you are saying—and again correct me if I am wrong—is that if there were such a hearing and the determination after that hearing were that the environment would be suitably protected and there would not be a threat to it or to health, then you would accept that decision and would live with the compromise that you could sacrifice that agricultural land for those other purposes. Is that what you are saying?

**Mr. G. I. Miller:** That is correct.

**Mr. Riddell:** But at least at that hearing there would be a balance between food and a dump, to try to ascertain whether food production was more important or whether a dump site was more important. I would hope that is where the Ministry of Agriculture and Food would have some input.

**Mr. G. I. Miller:** That is what I was putting to the minister this morning. Has he any input and is he concerned?

**Hon. Mr. Henderson:** Mr. Chairman, I have a couple of things; maybe the honourable member could help me. Let us suggest that they were having an environmental assessment hearing and everything, and the word was "go," the dump should be there. Did I understand the member to say he would then support it's going there?

**Mr. G. I. Miller:** It is exactly the same as when they brought in regional government. I said we had a lot of flak from it, but I have supported it and have always tried, as the elected representative of the people, to make it work more efficiently; I would do the same on the dump site question. Whatever decision comes out I will have to accept. The legislation is there, but we are not utilizing it. I will accept it, yes.

**Hon. Mr. Henderson:** The other question I would like the member to qualify just for me, to be helpful to me, concerns his suggestion that he would fight this all the way, even at the end on the site. Would he explain to me how he would plan on fighting it?

**Mr. G. I. Miller:** To make sure we have an environmental assessment hearing is what I am saying.

**Hon. Mr. Henderson:** Would he explain to me how he plans on fighting it on the site?

**Mr. G. I. Miller:** As an example, on Sunday I drove around the site so I would know exactly what it looks like. I am well acquainted with the area. I just talked to the people. I stopped in at South Cayuga. There I was met by the people who are going to be involved, the ones who are really affected, the ones I represent.

They are set up in a community centre with a telephone and they will have a number—I think it was established yesterday. That is what I mean by fighting it on the site. I am already doing that on the site. The people were down yesterday to see what course of action we might be able to take to make sure they get a fair hearing.

We spoke to the Premier yesterday and all they asked for was a fair hearing. That is all they are asking. They are not unreasonable people but they should be used the same as anybody else in Ontario. That is all I am saying and that is all they are saying.

**Hon. Mr. Henderson:** It is not your plan to keep people off the site by force.

**Mr. G. I. Miller:** I can only listen to what they say, and what they do is another thing. I would not go that far. I take one step at a time.

**Mr. J. A. Taylor:** You would not support civil disobedience?

**Mr. G. I. Miller:** I want to make the democratic system work. That is what I am saying, and it is not working.

**Mr. J. A. Taylor:** I know you would not do that.

**Mr. Chairman:** I think perhaps we have had a lot of discussion on this. I can understand Mr. Miller's position quite clearly and I think he has made his objections very strenuously. But after all, we have two other votes and two hours and forty-five minutes left.

Is there any other discussion on other assistance to primary food production?

Item 5 agreed to.

Vote 1902 agreed to.

On vote 1903, rural development program:

**Mr. Chairman:** Permit me to say a word, Mr. Minister. Tile drainage, as Mr. Taylor has stated, is really catching on. In my own constituency last year and this year, 99



municipal drains have been completed or are on the verge of being completed in order to give better drainage.

I spoke to a farmer on the weekend who told me that in six years he figures that tile drainage, which cost \$300 an acre, will pay for itself. So if we can assist people to get money at six per cent instead of having to pay—God knows the way it is going up every day—at a rate that makes it impossible for them to help themselves, I think that should be considered at least because in the province next to me it is no secret that in the last three years they have done more tile drainage than they did in a period of 20 years. With their assistance, they get about \$120 an acre for tile drainage. I do not go without hearing it because I am right at the border.

I am not interfering with their policy but, on the other hand, one of the problems we are confronted with—and there is no use rehashing it because sometimes, when you mention anything, they say, "Well, you are a bigot," or, even if you are of the same cultural background, they say, "You are not talking in terms of national unity."

Frankly speaking, the equalization payment from Canada, on the basis of what Quebec received from the federal government last year, was 10 per cent of their total budget in the province. Ontario does not get a cent, plus the fact that, on the DREE business, we get \$22.6 million and they get \$172 million. I can understand that Quebec wants to become self-sufficient; but on the other hand, these problems have to be addressed in general—not here—so that we get equal treatment. I agree with the minister that our duty is to protect and work in the interest of the people we represent.

12:50 p.m.

My farmers happen to be Ontario farmers. That is a pretty hard policy to defend when it is only half a mile from the other province, and the Quebec farmer is telling my farmer what he gets. It is not very comforting and yet they have some reason to grow. All I am asking at the moment—I know you have limitations—is that you not curtail tile drainage in any way anywhere in eastern or western Ontario, because it is something that helps people to help themselves.

Mr. McKessock: Mr. Chairman, in regard to Ontario not receiving anything from the federal government, I would like to reiterate that in 1977 Ontario qualified for equalization payments from the federal government as a have-not province. I mentioned the other night that an estimated \$800 million

would be available to Ontario by the end of this year.

Ontario did not make any application for this as a have-not province. Quebec is a have-not province. If you are going to be a have-not province, you have to make application for the money. But I understand that Ontario did not want to be a have-not province, so it did not apply for the money.

Mr. Chairman: But this has been going on for 11 years that I know of.

Mr. McKessock: This just started in 1979 whereby you could have made some of that back.

Mr. J. A. Taylor: It may be, Mr. Chairman, that the formula should be revised to manifest truly the intention of equalization payments across the country. I do not think we in Ontario want to go around crying poor-mouth, because we are pretty well off. I think I can say that nonpolitically and objectively.

At the same time, historically, Quebec has been on the receiving end to a considerable degree. I think Quebec has gained in the neighbourhood of \$1.75 billion net in equalization payments. Ontario may be contributing to the extent of 44 per cent of those equalization payments, Alberta and British Columbia giving the other 56 per cent.

You see that type of transfer of payment, and then look at the programs in our neighbouring province. I think it has been raised to you, as it certainly has been raised to me, and I may get it more being from eastern Ontario. There is that comparison made between Ontario and Quebec in terms of government programs and assistance to farmers.

They seem to be much richer in Quebec than they are in Ontario. We have to deal with that problem. You cannot divorce that problem from the overall contribution that Ontario is making to the country and to Quebec in terms of equalization payments, and especially in terms of the DREE program, in which the principal benefit is to Quebec, once more.

I am not a bad Canadian. At least I hope I am not seen as a very parochial Canadian. But at the same time, I think we can have the good of the country at the forefront, but nevertheless be aggressive in seeking a fair share for the Ontario farmer.

This truly worries me in the area of tile drainage. While you members from south-western Ontario have had a considerable history of success in and financing for tile drainage, it was long not only in coming,

but in being accepted in eastern Ontario as a legitimate expense and investment and in terms of payoff time. You are into a cost-benefit relationship, and almost as soon as it catches on, we find the funds evaporating and now we feel neglected.

So that is the message that I brought last evening, Mr. Chairman and Mr. Minister, and that is why I asked you then, as I do again today, to pursue even a little sum like \$5,000 for the township of South Fredericksburgh in the county of Lennox and Addington. You were good enough to say that you would, and thought you could do something about it. I am just saying it is a very important matter for the farmers of eastern Ontario.

**Mr. G. I. Miller:** Mr. Chairman, I just want to say that exactly the same thing has happened in a little pocket in my area. Nobody there would take a chance on utilizing tile drainage, although there are areas which are making good use of it. But there is a pocket I am concerned about that has not been able to take that chance. Maybe the farmers there are older or more conservative. That is what I am speaking about when I speak about my area. It is not general, but in those pockets there is a need to show the benefits and then the spinoff effect can be carried on from there.

**Mr. Riddell:** I think we had a pretty good discussion on farm drainage in other votes, Mr. Chairman—not that it is not important, it is. I think, if I recall, funding was kind of based on the historical drainage patterns in the various counties. Whereas we were doing a lot of draining in southwestern Ontario and, therefore, were getting much more allocation of funds from the government, my understanding was that people in eastern Ontario were not doing the drainage, for what reason I do not know. But now I understand that the drainage equipment is starting to move in and, if it is going to continue to be based on the amount of drainage that has gone on before, then I can see that we are getting a bigger slice of the pie than eastern Ontario is. Maybe we are going to have to change that way of determining where the money goes.

**Mr. McKessock:** Provide the dollars.

**Mr. Riddell:** That is right.

I notice there is a fairly substantial increase in the expenditure of money for the protection of agricultural lands from flooding by the Great Lakes: from \$400,000 in 1979-80 to \$1,260,000 in 1980-81. Could the minister enlighten me as to where this money is being spent?

**Hon. Mr. Henderson:** While the honourable member was out this morning, we spoke about this fact. Five or six years ago—I do not know the exact year—the federal Minister of Agriculture at that time put forward a proposal for Essex and Kent counties, which included diking. The one the money went into last year—the year previous, not this current year—was the completion of the diking in Dover township. This was again split between the federal and provincial governments, which each paid 45 per cent, and 10 per cent was provided locally. So overall, originally, it was a \$17 million program.

**Mr. Riddell:** So the bulk of that expenditure has gone into southern Ontario?

**Hon. Mr. Henderson:** As far as I know, it has all gone into those two counties, has it not? Yes, it has all gone into Essex and Kent. I am not sure whether it all went to Kent.

**Mr. Riddell:** I see we are right at the adjournment time, Mr. Chairman. This is not part of the estimates, but it seems to me there was an agreement that this committee would endeavour to sit next Wednesday afternoon to deal with the Pits and Quarries Act. You are probably aware that the motion is going to have to come into the House to give us permission to sit, and I take it you are going to look after that.

**Mr. Chairman:** The clerk is. I will tell him.

**Mr. Riddell:** I guess we are off these estimates and we are on to a matter—

**Hon. Mr. Henderson:** Let me finish a couple of things before you get into that.

We are going to try to have Ken McKinnon, the chairman of the Ontario Milk Marketing Board, here tomorrow night at eight o'clock. We know of no reason why we cannot. If there should be some reason why he could not stay long enough, and if I knew of it by the time the House opens tomorrow, could we meet a half hour earlier or something?

1 p.m.

**Mr. Chairman:** Is there any reason why—

**Hon. Mr. Henderson:** I was going to suggest that you go on.

**Mr. Chairman:** If we got this vote passed; 1903 is the rural development program and 1904 is the agricultural marketing program. Perhaps we could reverse that.

**Hon. Mr. Henderson:** Vote 1904-1, if you could carry them to there—1904-2 is marketing.

**Mr. Chairman:** If we do that, then we can revert to the other one if the committee is satisfied.

**Hon. Mr. Henderson:** Revert to which one, Mr. Chairman?

**Mr. Chairman:** Back to 1903.

**Mr. Riddell:** I am not too sure that 1903 could not pass now, because I do not think my colleagues have any further comments on it.

**Hon. Mr. Henderson:** I think we have debated vote 1903 pretty well.

Vote 1903 agreed to.

**Hon. Mr. Henderson:** Could you go on to 1904-1? If there were questions, we would answer them.

On vote 1904, agricultural marketing program; item 1, administration:

**Hon. Mr. Henderson:** That is \$204,000. I do not think there are questions on that.

**Mr. Riddell:** Why not leave vote 1904 and just have a general discussion?

**Hon. Mr. Henderson:** So as we know, tomorrow night we will be meeting at eight o'clock, but if there should be some way that Jim McKinnon could come a bit earlier, would it be satisfactory if I contact Mr. MacDonald and Mr. Riddell for each party?

**Mr. Chairman:** If he wants to come at 7:30 p.m. or whenever it is, the members do not mind.

**Mr. Riddell:** Getting back to my other point, Mr. Chairman, apparently the clerk was not aware of this meeting we are endeavouring to set up on Wednesday, and I think it is important that we move ahead with that pits and quarries act.

**Mr. Chairman:** You and Mr. Eaton. I just got word from Mr. Eaton last night that you met with Mr. Swart.

**Mr. Riddell:** Yes, he is quite prepared to go.

**Mr. Chairman:** You agreed to meet next Wednesday afternoon?

**Mr. Riddell:** Yes.

**Mr. Chairman:** What time?

**Mr. Riddell:** After question period, I would imagine.

**Mr. McKessock:** On Wednesday?

**Mr. Riddell:** Oh, no, the House does not sit, right.

**Hon. Mr. Henderson:** Is the House going to be sitting next Wednesday?

**Mr. Chairman:** I would think so.

**Mr. Riddell:** If it does, then why can we not meet after question period?

**Mr. Chairman:** That is right. That is what I am saying. I do not know yet, but I will find out from the House leader. As far as we are concerned, we can clean up everything by starting at 7:30 on Tuesday night and going until 10:30; that is three hours.

**Mr. Isaacs:** Mr. Chairman, there is an additional procedural problem. Last night we discussed briefly the matter of the South Cayuga referral to this committee, and you indicated that next Wednesday would be an appropriate time to discuss the scheduling of that.

I understand from the whip and from the House leader for my party that next Wednesday is too late from their point of view in terms of arranging the scheduling of this committee with all the other committees which are going to be sitting during the winter, because of the real time problems that exist. They asked me to suggest, if it is at all possible, that at least a preliminary decision about the scheduling of this committee during the winter months be reached prior to next Wednesday.

I wonder whether it would be appropriate to suggest to you that either the existing steering committee or another steering committee be called by yourself with one representative from each party to try to come to grips with this problem.

**Mr. Chairman:** I am quite satisfied, but I do not know how, in the period of time left, you could come much before next Wednesday to make a decision. That is what I think. If the committee as a whole were here, I think it would be more satisfactory. You might want dates which are convenient to you but which are not convenient perhaps to other people. As far as I am concerned, I would rather have it in January, as early as possible.

**Mr. J. A. Taylor:** I think the committee should be making that decision, Mr. Chairman.

**Mr. Chairman:** If it is after the question period, or at least next week if we sit all day, whatever it may be. Otherwise, if we sit in the morning, it will perhaps be 2 p.m. because we will likely recess at 1 p.m. in the House. I do not know what the procedure is going to be, but if we go on the basis of what is normal, then after the question period we will meet. Anyway it will be next Wednesday at some time, whatever the House leaders decide.

The committee adjourned at 1:05 p.m.



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 From the Ministry of Agriculture and Food:  
 Nelson, J. F., Chairman, Milk Commission of Ontario











No. R-54

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Ministry of Agriculture and Food



**Fourth Session, 31st Parliament**

Thursday, December 4, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan





# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, DECEMBER 4, 1980

The committee met at 8:03 p.m. in committee room No. 1.

### ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(concluded)

On vote 1904, agricultural marketing program:

**Mr. Chairman:** The meeting will come to order.

**Hon. Mr. Henderson:** Mr. Chairman, ladies and gentlemen, we have here tonight Mr. Ken McKinnon. Come on up here and it beside me. I don't think Mr. McKinnon needs any introduction to any of you.

I might say to him before we start off with the questioning that the committee has been concerned about the lack of sufficient milk for the cheddar cheese industry. There is concern about the possibility of closing the cheese storage plant in Belleville. I think that has been the main thing discussed here, but I am sure the members have other things they want to question.

**Mr. MacDonald:** Let us put the key question we have been raising with you because we would be curious to know whether Mr. McKinnon feels it is a viable proposition.

We have spent, I suppose, the better part of an hour and one half to two hours in the last week or so on the topic of how to get out of the bind of having lost the quota and not being able to regain it, with the result that we are unable to supply enough milk to the industrial plants and the cheese factories, even though in some instances the milk is there and the farmers can produce it. In other instances, they are importing it significantly from Quebec.

The specific proposal that has emerged, with the support of people from all parties is that if it is a viable proposition, if the Ontario Milk Marketing Board were given a guarantee of some sort to cover the risk involved in over-production beyond 100 per cent of the quota, would that assist in getting production up to 100 per cent or even

beyond it so that farmer could conceivably regain some of the lost quota?

In my view, the other issues the minister has raised are ones in which we are all interested but this proposal in terms of the milk issue is the key one from which may emerge a possible solution, if you deem it to be such.

**Mr. McKinnon:** Mr. Chairman, it is a privilege for me to have the opportunity to be here to try to answer any questions members might have. I don't know exactly how to proceed, but I think one of the points the minister made in terms of the availability of milk has to do very much with the question Mr. MacDonald is raising.

What I would like to do, if I may, is to take a very few minutes just to review what has happened in the past quota year, which ended in July, and what is happening this year. I will try to address that question along with the question of the availability of milk.

I would like to point out that it is true, as Mr. MacDonald points out, that Ontario did lose some quota in the early 1970s. But there has been no quota lost out of Ontario since 1973 or 1974; in fact, we gained a little quota back in 1976.

I will come back to the point on what we are doing in the whole national plan about adjusting quotas. But to zero in on what has happened in the year just ended on a national basis—and I must put this in a national context because we think the industrial milk industry is national, as an industry in Canada we are very close to being on target in supplying the total requirements. Our consumption from a domestic point of view ended up at 100.5 million hundredweight and we had three million hundredweight of quota in the system for export to bring it to a total of 103.5. That required an increase in production of industrial milk of about five per cent to match that increase during the year.

I think we did an excellent job nationally, as total production came out at 103 million hundredweight, which is less than one half of one per cent from being right

on target and meeting the objectives we had set for domestic requirements and for export. I have to point out that that increase came forward for export at a time when there was a lot of controversy about that, particularly because producers who produce three million hundredweight for export have to accept about \$9 per hectolitre less for that milk than they get for milk for domestic consumption. That is made up of about \$6 per hundredweight less in the marketplace and about \$3 per hundredweight less in federal subsidies.

I want to say from a total industry viewpoint, we feel we did an excellent job of meeting our objective. In Ontario, particularly, we had better-than-average utilization in terms of the rest of the country. Nationally, the utilization of quota, to come within one half of one per cent of the requirement, was 95.3 per cent. We have in the system some quota in addition to what is actually required, so 95.3 per cent of the national utilization brought us within one half of one per cent of what we really require.

In Ontario, including the milk that was shipped beyond individual producer quotas, we came to 96.7 per cent; so we were better than the national average. With the exception of Nova Scotia and New Brunswick, which have special consideration in the national plan at this point, Ontario had the highest utilization of all the other provinces. Overall, I think we did very well.

This year, which started August 1, the quotas were increased again by 1.8 per cent for a further export category. Production to the end of October is up by about 2.1 per cent. That is total production. You have to understand that when I talk about this consumption pattern it refers to industrial milk. That means we still need considerable increased production this year to meet the target. The quota, as I say, is up 1.8 per cent. We were 3.3 per cent under our full utilization of Ontario quota last year, and it is quite possible we might be increasing the quota another one or two per cent by the end of this year or very early in the new year. The consumption patterns seem to be very strong in cheeses and particularly in butter; there is a significant turn-around there.

We feel there are enough cattle in the province at this point to fill Ontario's provincial quota totally, and that is the objective the board has. I would like to say that cattle numbers are up, and cattle breedings, as recorded by the artificial insemination

units across the province, are up fairly significantly: 6.2 per cent in United Breeders, 5.7 per cent in Eastern Breeders and two per cent in Western Ontario Breeders, which is a fairly significant indication that we will have cows coming on stream during this year.

8:10 p.m.

We are taking a different approach this year in light of the fact that I think we have convinced producers they should produce up to the five per cent of quota we now have in the system for export. We have changed the levy system this year so that every producer pays the same levy whether he produces 100 per cent of his quota or whether he produces 80 per cent of it. There is an additional levy for over quota.

In addition to that, I have to say the federal government has increased the subsidy rate for export markets to the full regular rate it pays on domestic consumption. That is a significant improvement over last year. We, as a board, now think we can encourage producers to produce enough milk to utilize 100 per cent of Ontario's quota. That is what we would like to see happen.

I should comment on Mr. MacDonald's question before I discuss the cheese situation. I must try to make the position of the board fairly clear in that we do not feel we can ask for guarantees to produce over-quota milk. I believe the national system would not accept that. It would be a very controversial thing in the national system. However, as I have pointed out earlier, if we could encourage enough production to get Ontario's quota used fully, I think that would be acceptable.

That means some producers would have to produce some over-quota milk. I think it is obvious everyone cannot produce 100 per cent of his quota for many reasons. Therefore, at year-end, we make adjustments to allow the needed production from over-quota milk to be brought within quota to make up for those producers who cannot or do not produce their quota. So, in a sense, we would be encouraging some slight amount of over-quota milk. But we must point out that to get 100 per cent utilization of quota in Ontario, there is a risk that producers would not get paid at the full rate for about five per cent of the quota. That is a maximum amount to the extent that could happen.

**Mr. MacDonald:** Would the producer who produced over 100 per cent of his quota be penalized if the overall was still 100?

**Mr. McKinnon:** No, he would not. We would bring that within quota at the end of

the year. The point I am making is that some would have to do that to get 100 per cent utilization. Because of the shortfall in income possibilities on that final five per cent of the producers' quota, and also because of a concern that continues with us in the industry about overproduction overall, we still fear the kind of thing that took place in 1976. I believe our producers are rather reluctant to utilize that quota fully. I personally believe some incentive could help.

As the minister pointed out to me when Mr. MacDonald was raising the question, the minister has given us a guarantee in the past to help cover some of those shortfalls. We are going to be considering what needs to be done next week at the board to get 100 per cent utilization. I guess any assistance that can be given in that regard would be welcome. If producers had a little bit of overproduction, which is needed to fill Ontario's full quota, I think some kind of incentive encouragement would be helpful.

**Mr. MacDonald:** Forgive me, I do not want to interrupt your train of presentation, but when you say the minister has given some sort of a guarantee to cover the shortfall, what specifically are you saying?

**Mr. McKinnon:** I don't know if I can explain it well enough, but last year there was a danger of having a shortfall in the levy collections if we produced 100 per cent of our quota in Ontario. I believe the figure was a guarantee of \$6.1 million. That was not needed.

**Hon. Mr. Henderson:** I did not want to go into what you were talking about the other night, because I wanted Mr. McKinnon to hear it. In order to encourage our farmers and guarantee they would not be penalized, we assured the Ontario Milk Marketing Board of \$6.1 million. If the farmers did produce 100 per cent, or if all across Canada 100 per cent was produced, we would then make up just what you were talking about the other night.

**Mr. MacDonald:** As the minister, you are really being coy because you are already saying what we were asking you to do.

**Hon. Mr. Henderson:** Not this year—a year ago. I wanted Mr. McKinnon here when I mentioned that we had done a year ago just what you were proposing the other night. But we did not have to give any because the other provinces did not produce enough. It worked and it helped our farmers to increase their production. I will let Mr. McKinnon respond.

**Mr. McKessock:** Are you saying, Mr. McKinnon, you would like that same program another year or not?

**Mr. McKinnon:** The program would have to be a little bit different this year. It is not a matter of shortfall in levy as it was last year. It is a possible shortfall in income, primarily because the federal government is only assuring subsidy on 95 per cent of an individual's quota. That is where the shortfall arises. It comes to something like \$3 a hectolitre on that milk. That is the shortfall I'm talking about.

**Mr. McKessock:** This year are they paying subsidy on 100 per cent?

**Mr. McKinnon:** No. They are paying 100 per cent subsidy on the 5 million in exports. However, domestic requirements and export make up only 95 per cent of the quota. In other words, if every producer in Canada produced 95 per cent of his quota, that is all the production we would need. If we are attempting to get 100 per cent utilization in Ontario and everybody is attempting to get the same thing, there could be a shortfall in income on that last 5 per cent of quota because that is not covered by federal subsidy. The market price would be the same because the levies have been changed this year.

**Mr. MacDonald:** While we are stalled, let me ask another question. At least as I understood it—and I think other members of the committee were trying to grapple with this complex problem—the question in our mind is how we gain some of the quota which we lost, admittedly, six or seven years ago, so we will have enough milk to get the factory quotas for cheese up to higher than the sort of breakeven or the losing level they are operating on now.

Am I correct that the only way you can regain some of that quota is to overproduce your quota so that you have proven you have the capacity to have more of the market sharing quota?

**Mr. McKinnon:** Let me say that since 1976 the national plan we operate under has been in a state of controversy and there has been no adjustment of quota between provinces. We have spent quite a number of months trying to renegotiate that plan. That plan does include for the future, if we can get it signed during this year, a method of interprovincial adjustment of quota. I want to point out, though, that interprovincial adjustment would not give credit to production over quota. It only gives credit to production within quota.



My point, and I think your point as well, about getting good utilization within the quota is a very acceptable thing in terms of making sure that if there is any possibility of gaining quota in the national system for interprovincial adjustment, Ontario would be able to take credit for that.

**Mr. MacDonald:** If we are getting good utilization within the quota, does that alter the prospect of getting more milk available so the cheese factories that are now operating—and I may be out of date—at 50 per cent or 60 per cent of their capacity might get enough to be operating at 75 per cent, 80 per cent or 100 per cent of their capacity?

**Mr. McKinnon:** No, it really does not because the only way within the plan that quota is adjusted between provinces is if some provinces do not utilize their quota well. It means that Ontario always has to utilize its quota well; then if some other provinces do not, that credit, or some of that credit, could come to Ontario.

There is one other important point I would like to make if I could. We have negotiated in the proposed new plan, which is not agreed to or signed yet, from Ontario's viewpoint a method that where there are national increases in quota—and that has taken place last year and it looks as though it is going to take place again this year—then the provinces that utilize their quota well, if I can use that term without getting into the details, have first credit for that increased quota, rather than the provinces that have lower utilization.

It still does not give any credit to over-quota production, and one would not even have to produce 100 per cent. If you produced 95 per cent of your quota, you would be eligible for your share of those increases. The important thing is that you should not be lower than 95 per cent or 93 per cent. That is when you can start to lose.

**Mr. MacDonald:** How do you increase the amount of milk available so the cheese factories can get above the 50 per cent?

**Mr. McKinnon:** That is a much more complicated matter. I have to start by saying, as I pointed out, that we are filling our national requirements. The question of how to divide that up between provinces is a very difficult and a very political matter in the sense that nobody wants to give up quota. The adjustment, as I have said, is based on whether a province is utilizing its quota well or not. If they do not utilize it well, they will in the future have to give it up.

8:20 p.m.

**Mr. Riddell:** Yes, but is the criteria for interprovincial allocation fairly applied, taking into consideration the supply and the demand? If it was fairly applied, would we not be getting more allocations??

**Mr. McKinnon:** I personally have to say I think it is being fairly applied. It is being applied based on production.

**Mr. Riddell:** What about demand? We have the markets here which I do not think they have in Quebec.

**Mr. McKinnon:** The Quebec people and the Quebec processing plants would not agree with you on that.

**Mr. MacDonald:** But if all he is doing in that factory down there, his favourite factory, is importing a significant proportion of his milk and hauling it on a round trip of 600 miles from Quebec in order to be able to meet a demand for four million pounds to one supermarket and another five million pounds, if I recall correctly, to another supermarket, how can this incredibly complex and apparently inflexible thing be adjusted so that if the milk can be produced in Ontario to meet their needs, we would produce it rather than having the absurdity of transporting it 600 miles?

**Mr. McKinnon:** I can only submit that the system of supply management is applied at the production level but, of course, has not been carried on to the processing level. That is the basic difference. The processing industry operates on the basis of whether it can go out and get markets as individuals. From a national point of view, we believe this national plan is a good plan, particularly for producers. It is fair to producers and, therefore, I think we have to find a way to make sure it is fair to processors.

What I am simply saying is that if one processor takes a market away from another processor in another province, I cannot conceivably see how the national plan can be adjusted to take care of that. That is the dilemma. It is one we have tried to solve for a number of years and have not solved. What we have talked about is trying to get what we call market criteria as a method of adjusting quotas interprovincially.

**Mr. McGuigan:** Mr. McKinnon, if I could have a question here, as I understand it—and I am not a milk producer—there is a descending order of priority in milk products starting with fluid milk. I think cheese is next, then butter and, finally at the end, skim milk powder which the federal govern-

ment subsidizes. You cannot have the other elements unless you end up with that skim milk powder which is subsidized by the federal government.

Could you ever supply enough milk to satisfy all these processes that want it without either increasing the amount of money that has to be picked up by the federal government for the skim milk products or selling all of these dairy products, the whole range of them, at a much higher rate which would probably reduce the demand for them? Can you ever get to that point where there will be enough milk to meet the demands of all of these people who say they cannot buy enough milk without a great deal more money coming in from either government?

**Mr. McKinnon:** Basically, what you are saying is correct. I do not think the production industry is prepared to supply every plant with all the milk it wants. Our concern is that the consuming market is supplied with the product; and it is being well supplied with the product, as far as we are concerned. I just do not think we can adjust the production to meet increases in demand from one plant in one province when we know total consumption requirements are being met. That is the dilemma I see.

I would like to point out that the scaling of order, as you point out, Mr. McGuigan, for allocation of milk is a provincial responsibility. The question as to what our provincial share of the national market is is a controversial one and, as I have been trying to point out, it is difficult to adjust on a market criteria basis. It has been done on a production basis.

The second step in that is that after that allocation is made to each province from the national allocation, then the responsibility is a provincial one as to what plants get that milk within the province. Except to the extent that we have a national supply management system, I cannot say that the national plan causes any problems for that. We have to decide within the province what products and, thus, what plants get first choice.

You are basically correct; we supply the fluid milk market first; we supply what we call the fresh milk product market second. This is basically because those products return more and are on a daily demand. Then, the products which have not been going in the industry for a number of years and which do not return as much to the producers have been put on a plant supply quota similar to a producer-type quota. That is an historic thing.

The way a plant in the quota category can adjust its supplies is by acquiring supplies within the province or from outside the province from other plants. They can acquire quota from other plants, if they can get a plant to give it up, just as a producer acquires quota from another producer. That can be done. But that quota is reduced as we have a situation in which the demand for fresh milk products is expanding, and our total allocation of quota is not going to offset that. Then the supply of quota to the plants, which are basically cheddar cheese, powder and butter plants, has declined in the province. Therefore, to maintain the utilization of their plants, if they have not diversified, they have to acquire milk from somewhere.

There has been a lot of adjustment of plant supply quota, but that has come pretty well to a standstill in the last few years because, basically, no processor wants to go out of business. Yet we have some expansion in the specialty categories and our total supply has not been going up to take care of it.

**Mr. Eaton:** So you would say then, Ken, that there is enough supply to meet the demand, not for processing but for the market of the processed product?

**Mr. McKinnon:** In Canada that is true.

**Mr. Eaton:** It is a question of location among Ontario, Quebec and other places.

**Mr. McKinnon:** That is quite true.

**Mr. Eaton:** There is not enough supply to meet the demand of the processor if he is processing to his capacity. There is an over-capacity of processing facilities across the country.

**Hon. Mr. Henderson:** In Ontario.

**Mr. Eaton:** Outside of Ontario, I guess, too.

**Mr. Riddell:** The processors will tell you that they will still put up a better quality cheese than any other province, that they have a market for that cheese, but that they cannot get the milk to produce that cheese.

**Mr. Eaton:** That market has to come at the expense of somebody else then, is that not right?

**Mr. McKinnon:** Basically that is true. The market is being well supplied. In the case of cheese, cheese stocks are up some 13 per cent this year over last year. There are ample supplies of cheese in the country, there is no question about that.

**Mr. Riddell:** In the country, Ken. But to talk about the provincial level, Ontario still



maintains that it has quality cheese, and that if they can produce it they will sell it.

**Hon. Mr. Henderson:** Ken, maybe the members are not aware of your policy respecting specialty cheese and the quota and the controls that are on it. Maybe you should explain that.

**Mr. McKinnon:** Specialty cheese is considered to be what we call a fresh milk product, primarily because of the life span of the product; in addition to that, as I pointed out, this is because it has been, in past years particularly, increasing in demand faster than cheddar and, at the same time, requirements for powder and butter were going down. By agreement in the industry in 1970 we established this marketing plan that still exists today, which allows producers of specialty cheeses to get all of the product they want, virtually where they want it and when they want it. They pay a higher price for it. That is free of quota, if you like. That has been controversial.

**Hon. Mr. Henderson:** Ken, go a little bit further with them. Tell them that most of these plants which are telling us they are getting only half of what they need for their cheddar cheese are really producing about an equal amount of specialty cheese. They are not processing less than they did 10 years ago—that is, most of them, or any of them I have talked to, although there may be some exceptions. But overall, Ken, they are not.

**Mr. McKinnon:** That is basically true, Mr. Minister, and I cannot reveal—at least, we do not reveal publicly the volume of milk going into individual plants and the make of product coming out of those plants; but I can say in general terms that, with the exception of probably five or six fairly small cheddar cheese plants, nearly all of those plants making cheddar cheese are getting more supplies than they did five years ago. Much of that is due to their own initiative in diversifying into specialty products or, in some cases, acquiring plant supply quota. The adjustments have been very significant in the industry and there are really only a very few plants getting less milk than they did, say, five years ago.

8:30 p.m.

**Mr. MacDonald:** Are you saying that the aggregate of the specialty along with the cheddar cheese results in most of those plants, with the exception of five or six small cheddar cheese plants, really producing at 100 per cent of capacity?

**Mr. McKinnon:** No, I cannot—

**Hon. Mr. Henderson:** One hundred per cent of what they were five years ago.

**Mr. McKinnon:** They are manufacturing more milk than they were five years ago. They may very well have increased their capacity over and above what they had five years ago.

**Hon. Mr. Henderson:** But, Donald, most of them are at 50 per cent of their cheddar cheese capacity.

**Mr. MacDonald:** Assuming the milk supply was available, is there a release valve in the export market that does not get you fouled up with the national marketing for 100 per cent of the cheddar cheese potential production?

**Mr. McKinnon:** I do not think so, Mr. MacDonald. I think if we increased cheddar cheese production in Ontario then it is likely that the production would have to come from plants in other provinces and, primarily, Quebec.

**Mr. MacDonald:** Even if it were specifically produced for export purposes?

**Mr. McKinnon:** If we could produce aged cheddar and export it—I think it is fair to state, as Jack did, that Ontario's cheddar cheese quality and the respect it has on the international market is still very high—we could possibly export more. But I am not sure, again, that that is a significantly increased market.

**Hon. Mr. Henderson:** You mentioned the aged cheddar. Explain that a little more—that you do not make it today and export it tomorrow.

**Mr. McKinnon:** I am talking about cheese that is at least nine months old and probably a year to a year and a half old. That is the specialty market in which I believe Ontario shines, in terms of cheddar. Most of our cheddar does not go into that kind of product at all. It goes on for further processing and into all kinds of different processes. You have to be very careful when you are looking at the cheddar—

**The Acting Chairman:** Mr. Villeneuve, you had a question to ask several minutes ago.

**Mr. Villeneuve:** Naturally, I am very much interested in this. I stated on November 25 that the Ault Foods plant at Winchester processed 973,000 pounds of milk that day. I am going by pounds and not litres because I can explain it a little better that way. Fifty-two per cent of Ontario's production, 499,000 pounds, was received at the depots of that plant, and they imported 474,000 pounds



from Quebec. This was hauled from Quebec City and east of it—two thirds of that. There is no doubt: I have this report from the Ontario Dairy Council, and this is what it states.

I have been howling about this—and I am not finding fault; you people are doing an exceptionally good job, and perhaps that is why people are now successful in eastern Ontario, because milk is giving them a good return and cows are selling for around \$2,000. So we thank you for that. There is money being made. The animals go up.

This is their report and not my words, so do not get me wrong, Mr. MacDonald, on national unity. What I read out of this is not my report.

"Since 1970, the demand for dairy products in Ontario has increasingly exceeded its share of raw milk supply. The problem was succinctly stated in the research report issued in late 1978. Currently, Ontario accounts for 33 per cent of total manufacturing milk production in Canada. It is estimated that the province consumes about 40 per cent of the national industrial milk product volume. Over the next five years, the gap between provincial production and provincial consumption of industrial milk is very likely to widen, as the provincial consumption is expected to grow at a faster rate than that for Canada overall.

"Yet current national market share quota policy will not take this into account in allocating market share quota between provinces. Despite pressures from the Ontario Dairy Council over the last two years, the Canadian Milk Supply Management committee has been unable to agree on a redistribution of supplies based on changes in consumption. The lack of consensus is totally predictable, since the provinces facing declines in product demand are unwilling to accept a lower share of the total Canadian supply.

"This situation has been further hindered by the fact that Quebec, the province with the largest volume of industrial milk production, is the province with the largest surplus of production relative to demand. The Canadian political climate, vis-à-vis national unity, has clearly made this economic issue difficult to approach." Would you people agree with that?

**Mr. McKinnon:** With about one or two exceptions I would, and I will comment on those exceptions for a moment. We have considered attempting to adjust quotas based on population which, I think is being said in that document. I personally do not believe

that Ontario would be in a position to gain if you took the statistics today and then moved the percentages from here on. If you could do some catching up, I would agree.

The analysis we did on using population as a method of adjusting in the future—and I am not against national unity either, Mr. Villeneuve—definitely showed that Alberta and BC would be the provinces that would gain. Quebec, of course, would give up the most. I have to say, in addition to that, that maybe the dairy council would have a better picture on provincial consumption patterns, since there are not good statistics on consumption patterns. I would not argue with them, but I would not say that I agree with their terminology and their implication that we have higher per capita consumption in Ontario on certain dairy products.

The other comment I would like to make is that it is true that Ontario does not have, in terms of its share of the national market share quota, the same percentage relative to population. That is true. It has been historic. Our main losses in that area go back to the late 1960s when producers in Ontario were just not prepared to produce for the returns they were getting then. That is when the big loss came in Ontario, not when we entered the national plan.

I consistently say, and I can prove clearly with statistics, that Ontario has not lost as much since this national plan came in as we lost in the 10 years previous to that. Therefore, I think it has stabilized the position considerably in Ontario, and that is why I cannot fully agree with the way the processors approach this. I would say one other thing: the drop in consumption of butterfat, primarily in the last 10 years, has put us in a better position than we were in previously.

I think it is fair to say—and I do not know whether the council's presentation gets into that in detail—that, as I understand the production consumption patterns, we are basically short in terms of the provincial share in relation to butter consumption, not to cheese. We have produced and, I believe, still do produce very close to our provincial consumption patterns in terms of cheese, but we are down in butter. Yet, the total butter market has gone down and it is the lowest-priced product we have. We have not seen fit to try to increase our share of that.

**Mr. Villeneuve:** It goes on to say, "Our frustration is heightened when we see new facilities being built in Quebec with federal or provincial assistance while our plants face extreme raw product shortages." It

goes on: "Ontario requires more industrial milk. In the long term, deterioration of the Ontario cheddar industry will continue unabated unless the national supply management program is revised."

I stated the other night that there is no hope of our getting any more market share quota in this country at the present time; and the province that has about 48 per cent of the total is not going to give it up. Let us be realistic: with 74 out of 75 members in Quebec on the side of the government, Mr. Whelan might just as well try to crucify the entire country as try to win that from Quebec. I suggested that our minister, together with you people, have a talk with Mr. Whelan.

Ault Foods put out a very good product. But as much as we can say "thanks" to you people, I could not see eye to eye with the amalgamation of these small plants. But they have equipment in there that will make a superb product.

8:40 p.m.

A and P is one of the chain stores in Ontario that has purchased five million pounds of butter. They are under contract to another firm for another five million pounds. The reason they are selling it is that they are producing a top quality product. There is no question about that. On the other hand, here is a table and here is what it says:

"1. The federal Minister of Agriculture must intervene in the activities of the Canadian Milk Supply Management Committee. Ontario must be allotted a larger share of the industrial milk supplies. Market conditions must be incorporated into the annual review of provincial allocations.

"2. The Ontario Milk Marketing Board, through their policies, must not be permitted to destroy the Ontario butter and cheddar cheese industries."

That is hitting you a little hard. I do not agree with that either but on the other hand, it says, "The provincial government must intervene and provide support for the cheddar cheese and butter industries until the national system is amended."

I want to go to one table here which is in litres. In 1971-72, the marketing of butter and cheddar cheese of 1,322,719,000 was 940,658,000. Anyway, that was on the 100 per cent scale.

According to the industrial pattern right now, in 1980, it is estimated that we have dropped from that 940,658,000 in Ontario for industrial production to about 516 million. Admittedly, you are selling to a better market.

Our province is growing. There is more demand for fluid milk in volume. We know that. But according to our estimation—and I can see this happening at Ault Foods, because you do not have to be an expert to see the amount of milk that is coming in.

In 1983-84, as it stands now, that will drop from 940,658,000 litres to 386 million. In other words, we will drop from taking that at 100 per cent level, in the course of 12 years, down to 41.1 per cent. Now that is what is predicted, but the source of the figures is the Ontario Milk Marketing Board, so they are not imagining them.

**Mr. McKinnon:** That table they are using is one that the board used in preparation for making proposals to amend what we call our industrial milk marketing method in Ontario, about a year and a half ago. On the basis of that table, we were proposing at that time that industrial milk production could go down as much as one per cent per year. Since then, and even while that was being presented to the industry, the whole matter has turned around. We have been able to turn the butter consumption trend around. Cheese consumption has continued to be strong. I do not think those tables are relevant today. It is true, as they point out, that some change in allocation of supplies is needed, as we put it, to make it more equitable among plants in Ontario.

We have had a proposal before the industry which the processors cannot agree on among themselves. We have asked them many times to propose amendments to our industrial milk plan. I do not overly criticize them for that but, simply because of the diversification they have within their membership, they cannot get agreement.

We propose to bring in a plan that would stabilize the volume of milk going into the smaller cheddar factories, not the larger ones. We think that the larger ones have the ability to adapt and adjust to different products and capabilities that the smaller cheddar plant does not have. We have proposed to increase the differential in price between cheddar and powder, butter and the specialty products, not significantly, but enough, I think, to make it more equitable. It can be demonstrated that because of our pricing for specialty cheeses, and recognizing that producers are not on a plant quota and can get their milk when and where they want it, they had some advantages and have gained to their credit, a significant share of the national market. But this is at the expense, in terms of volume, of the powder, butter and cheddar factories.

We propose to change that pricing arrangement a little bit to make it more equitable, we believe, and also to help the board cover the cost of transportation and the daily demand from the specialty plants. We have also proposed to change our plant quota system a little, so that there would be some amount of quota, when there are changes made, available to the small plants. I have to admit I do not believe this will satisfy the needs of the Ault Foods plant which you are talking about. But I have to say that they have much more flexibility to deal in the market than the smaller plant has. All I am saying is that we have proposed a number of changes and amendments to the allocations of supply within Ontario.

I have to say, again, that I think we are not likely to get an increased share of the national market simply because some plants in Ontario want to process a good product and market it all over the country. That is not likely to be acceptable to any other province, let alone, as you point out, the fact that Quebec has been the dairy province and continues to be. It is not likely to give that up without a fight. If we want to maintain the stability which I submit, this national industrial plan has given the industry overall—and it was my answer to Jack Riddell some time ago—I have to say that I personally feel the allocation is not that unfair.

**Mr. Villeneuve:** I am not arguing about that. But these figures and my information from the management at the Winchester plant would lead me to believe that, since this information has got to the public about the ingredients in margarine, there has been a swing back to butter of good quality. This is what the chain store people told my sources. This is a wonderful thing to hear, as far as the milk producer is concerned.

**Mr. Riddell:** What have you got against the soybean?

**Mr. Villeneuve:** I am not against that. Do you detect that there is a greater demand for butter by the general public?

**Mr. McKinnon:** Very definitely.

**Mr. Villeneuve:** That pretty much confirms what I heard.

**Mr. McKinnon:** I am hesitant to quote butter statistics because they seem to be inadequate in the short term. But the most current data we are looking at indicate that butter consumption could be up in this calendar year as much as four to six per cent. That is significant because this is the first year we have had any significant increase,

and we have been on a downward decline for at least 10 years.

**Mr. MacDonald:** Is margarine down the equivalent amount?

**Mr. McKinnon:** I think I can say margarine sales have not grown at the same rate that they have in the past. I do not believe they are down.

**Hon. Mr. Henderson:** Don, you should tell the honourable members that the butter producers have come up with a new proposal, "Butter users are better lovers".

**Mr. MacDonald:** That sounds like Eugene Whelan on beef.

**Mr. Villeneuve:** In fairness, perhaps your policy of coming out with a higher quality of milk—there is no question about the bulk tax, to start with—and your demands for a better quality product, and there is no doubt about it, in the end are what is changing that process, as I see it.

**Mr. McKinnon:** I think I can add one additional comment to that. The figures you are quoting are on a yearly basis. But the problem you are relating to at the Ault Foods plant at the present time does, to some extent, continue to be a seasonal problem in the sense that our milk production is always low in the lower months of the year; the demand for the fresh milk product continues right along at the same level. So, again, it is backed up to the powder, butter and cheddar cheese factories.

**Mr. Villeneuve:** Generally speaking, when I was talking about these large plants taking over, they found outlets for milk products that our small cheese factories never dreamed of, or did not have the contacts for. They supply macaroni factories, Laura Secord, Rowntree MacKintosh and everybody else with a milk extract that goes into chocolate bars. In spite of what we say, they have the capacity to find the markets and, I suppose, the research to find products that can be made from a milk base. What I am concerned about is, I certainly hope this does not continue, because they had 240 men working in that plant and they have cut that down to 90. What makes the difference is the fact that they are hauling it in from another province.

8:50 p.m.

**Hon. Mr. Henderson:** Mr. Chairman, I would like to interrupt for a minute. I see all the members here who have been here during these estimates. Gordon Miller brought in a sample of peanuts yesterday from Ontario. The parliamentary assistant, Ron McNeil, has brought packages of peanuts



for everybody here tonight. Would you people distribute them so all the people here will have a package?

**Mr. Gaunt:** I had my goat's milk this morning.

**Hon. Mr. Henderson:** It does not show in your eyes.

**Mr. Eaton:** Mr. Chairman, we were on a course talking about the exports of cheddar cheese and how, if we could export, we could get the quota for it. The price of milk going into cheddar cheese for export would have to be subsidized, would it not?

**Mr. McKinnon:** Generally speaking, I would have to say that is right. There may be a few small markets where it would not have to be subsidized.

**Mr. Eaton:** How much a hundredweight is an approximate subsidy needed to do that?

**Mr. McKinnon:** I am not sure I can answer that question with the current data, but the United Kingdom and European markets would have to be subsidized.

**Mr. Eaton:** The other question that came to mind when Mr. Villeneuve was talking about the new plants opening in Quebec, and milk going to them, was whether they would have to have a plant quota to get that milk.

**Mr. McKinnon:** They do not operate on a plant quota basis in Quebec, to my knowledge.

**Mr. Eaton:** So they could build new plants and use up all the industrial milk produced there and our plants could not get it?

**Mr. McKinnon:** Maybe I could ask you to rephrase the first part of your question; I missed it.

**Mr. Eaton:** In the report that Mr. Villeneuve read, it indicated that Quebec was opening up new processing plants. Because of the supply situation, our plants have to depend on industrial milk coming in from Quebec. Could those plants use up the industrial milk supply there so that our plants could not get industrial milk?

**Mr. McKinnon:** Yes, I think that is quite possible. I think it is fair to say the Quebec industry does not like the milk coming out of Quebec into Ontario either.

**Mr. Eaton:** Were these apples produced on your farm, Jim?

**Mr. McGuigan:** They have a Japanese name, Mutsu.

**Hon. Mr. Henderson:** Jim, would you like to tell the committee what type of apples these really are, and whether they are def-

initely Essex county, Kent county or Ontario county?

**Mr. McGuigan:** Yes, I would.

**Hon. Mr. Henderson:** Are they Kent county or are they Ontario county?

**Mr. McGuigan:** Mr. Chairman, these are a relatively new variety on the market. They have a strange name, Mutsu or something. They are a cross between a Golden Delicious and a variety developed by the Japanese.

**Mr. McKessock:** I can tell they are not Georgian Bay apples, for they would have more colour.

**Mr. McGuigan:** They are very comparable to the Granny Smith apples, which is also half Golden Delicious. We cannot grow the Granny Smith apples out here because we do not have the heat units.

**Mr. Chairman:** We appreciate your generosity. It is not hard to see we are approaching Christmas.

**Hon. Mr. Henderson:** We do not have very good order, Mr. Chairman.

**Mr. Chairman:** Mr. Eaton, have you finished?

**Mr. Eaton:** No. I want to get back to the situation here with the Quebec plants. If new industrial milk plants are built in Quebec to produce cheddar cheese, they can get the milk and our plants could end up going without the industrial milk.

**Mr. McKinnon:** I think that possibility exists, because I am satisfied that Quebec today has an overcapacity of processing, as well as Ontario, and if they determined they were going to use that milk in Quebec plants that could happen.

**Mr. McKessock:** I'm sorry, Mr. Chairman, it is hard to hear. I guess too many people are chewing peanuts.

**Mr. McKinnon:** Mr. Eaton asked about the possibility that the milk now coming from Quebec into Ontario could be cut off with the development of new plants in Quebec. Basically, that is true. The Quebec people who are now selling to us, as an example, have no obligation to continue. It is a competitive situation.

**Mr. Eaton:** Is any discussion taking place regarding production quotas and the sharing of production quotas as to sharing the milk coming to the plants? Obviously, if that is the case, Quebec will say at some point, as it has with every other product, "We are going to process it all here and start to set up more plants," and our processors could be without.

**Mr. McKinnon:** I can't answer that. I have to say that the national plan has nothing to do with whether a province or a company builds a plant or whether one takes a market from another. That is the kind of dilemma I was talking about earlier. The idea of supply management at the production level does not extend into the processing level and to supply allocation.

**Mr. Eaton:** Yet here in Ontario it does in the allocation of supply to the plants.

**Mr. McKinnon:** That is correct.

**Mr. Eaton:** Has there been any pressing at all to try to get that concept across the national picture?

**Mr. McKinnon:** Not a great deal, but I would say at the current time the Canadian Dairy Commission is interested in that matter and raised it at our last national meeting. They want to discuss that further. I don't know what the implications are.

**Mr. Eaton:** I think we should be awfully interested, and quickly, if we want to protect our industrial processing industry for milk here.

**Mr. McKinnon:** Maybe I am not addressing your point, but I am not sure that would necessarily help the Ontario situation. It might redirect the milk now coming into Ontario into a certain product in Quebec. I would be more concerned that that might be what came out of it.

**Mr. McKessock:** Surely the amount of milk coming into Ontario from close to the borders in Quebec would not make that much difference in Ontario if they pulled it out.

**Mr. Eaton:** The chairman just brought up the case of a plant where 50 per cent of its milk comes out of Quebec.

**Mr. Chairman:** Five days a week, 474,000 pounds of milk comes out—and that is not from the border; that is east of Quebec City, 300 miles return.

**Mr. McKessock:** What percentage of the milk that Ontario is using in the processing plants does that represent?

**Mr. McKinnon:** I cannot answer, because we do not get the figures of the milk coming from Quebec. That milk does not go through the border, and we do not have those figures.

**Mr. Chairman:** I do not think that would have much bearing on it if they sold it to buyers in Ontario, if they have to do that to supply the buyers in Ontario for distribution in Ontario. This is what I am talking about.

**Mr. G. I. Miller:** Is it not the reverse—milk from Ontario going to Quebec?

**Mr. Chairman:** We are not arguing about the transfer of milk to Quebec.

**Mr. G. I. Miller:** When you get it all balanced out, where is the balance?

**Mr. McKinnon:** There is more milk coming into Ontario than there is going out.

**Hon. Mr. Henderson:** Mr. Chairman, I would like to put in two or three things. I think it will help the members in their debate. The last time I was before June Menzies and her committee, the eastern ministers were all down. At that time, I made Ontario's position clear, that I felt Ontario should be able to supply the market within Ontario. We were there over chickens. It wasn't over milk; it was definitely chickens.

**Mr. Eaton:** The market or the increase in the market?

**Hon. Mr. Henderson:** That Ontario should be able to supply the market here in Ontario. If we can supply it, we should not be bringing chickens in from other provinces. That was the position taken.

With that, I want to throw two or three questions out here. Is the Ontario Milk Marketing Board in support of self-sufficiency in (a) fluid milk and (b) milk products? Is the OMMB in favour of putting a plant supply quota on all products? I bring this up because I am a little bit concerned over the open quotas on specialty cheese. This is the reason that the cheddar cheese is on quota but the specialty cheese is not. These are the questions I would like you to answer. It may generate debate. Some of the members might want to put their positions out on those things. I think we are all interested in it.

9 p.m.

**Mr. McKinnon:** Mr. Minister, I will give you a fairly quick answer to those. It may need a lot more discussion than I will bring forward but, regarding the question about self-sufficiency in (a) fluid milk and (b) other products, the answer on fluid milk is yes. We have always considered fluid milk markets provincial markets, and basically, that is what has happened across Canada. We are determined to keep that in place, and I can say we need to be determined, because Quebec would like to grab a share of the fluid milk market in Ontario. That is clearly understood and recognized by all of us who deal at national levels, and we think we have to fight to maintain that.

**Mr. J. A. Taylor:** We are self-sufficient now.

**Mr. McKinnon:** We are now.

**Mr. Gaunt:** Isn't our fluid milk consumption dropping slightly?

**Mr. McKinnon:** Fluid milk consumption has been down about half of one per cent in the past year. We hope we can turn that around again this year.

**Hon. Mr. Henderson:** Our fluid milk is not down, Mr. Gaunt.

**Mr. Gaunt:** Oh, the production is not down; the consumption is down slightly.

**Hon. Mr. Henderson:** Tell them how your fluid milk is arrived at, Mr. McKinnon; so they will understand that.

**Mr. Gaunt:** I was just going by your latest information bulletin here, and perhaps I misread it.

**Mr. McKessock:** It is down 0.18 per cent. Right?

**Mr. Gaunt:** Fluid milk sales in October showed a decrease of less than seven per cent.

**Mr. McKinnon:** Sales. Basically, the fluid milk gets first call on the milk that is produced. We do not talk about fluid milk production; we talk about it in percentage terms.

**Hon. Mr. Henderson:** The fluid milk is what percentage of the overall production sold?

**Mr. McKinnon:** About 46 per cent.

**Hon. Mr. Henderson:** So 54 per cent is industrial.

**Mr. Riddell:** If Quebec would like to get into Ontario with their fluid milk, what is keeping them out?

**Mr. McKinnon:** I am not sure I am qualified to answer that. I would say there are two or three things. A number of years ago, a former minister from this province arrived at a mutual understanding with Quebec that fluid milk would be provincial responsibility and would be provincially supplied, while industrial milk would be national and the products would transfer interprovincially.

The second part about that is that fluid milk requires, by Ontario standards and those in most other provinces, which I support, provincial inspection at the farm level. That in itself has been the main reason we have been able to maintain fluid milk as a provincial standard. I would not say that if it were taken to a court you could prevent fluid milk from moving across provincial borders, but it has been the way the industry has developed and has operated, and basically I think that should stay.

**Mr. MacDonald:** How significant is the quantity of Ontario-produced milk that goes to Quebec?

**Mr. Chairman:** There are less than 200 good shippers; so there is a lot of milk—but they have been shipping there for 65 years. In the past 30 or 35 years, no shipper from Ontario has been allowed on the Quebec market; he has to take his quota to Quebec and sell it. Another Ontario farmer who already has a Quebec quota, though, can bid for that quota because he is registered as a Quebec shipper; but, beyond that, it is diminishing all the time.

**Mr. MacDonald:** If Quebec wants to get into the Ontario market, do they use the leverage of saying there is a quantity of Ontario-produced milk going to Quebec and seek some reciprocal arrangement?

**Mr. Eaton:** Can any of your staff give us a figure, Mr. Minister, of the amount of milk coming into Ontario from Quebec for industrial purposes?

**Hon. Mr. Henderson:** Do we have that? Do any of the staff know the actual amount? No, we don't have it.

**Mr. Chairman:** For information, I can tell you that Kraft is not importing any. They are into specialty cheese pretty well, in the Williamstown plant in my area and at Ingle-side.

**Mr. Eaton:** They are not importing any.

**Mr. Chairman:** They are not. Ault's are the only ones, and I think they are the only ones that can afford it because, frankly speaking, I know common sense tells me that milk is costing them at least \$2.50 a hundred more than what they have to pay the Ontario Milk Marketing Board.

**Hon. Mr. Henderson:** Staff believe it is less than one tenth of one per cent.

**Mr. Eaton:** Then our plants aren't vulnerable from industrial milk.

**Hon. Mr. Henderson:** To be honest, I think the plant that has been referred to, Ault's, is a big plant; it has more problems than the others.

**Mr. Eaton:** There is something in conflict here, because the report that Osie had sort of indicated that the plants being built there were taking milk away from Ontario, and yet you are talking about less than one tenth of one per cent—

**Hon. Mr. Henderson:** Yes. But it is one tenth of one per cent of total production; one plant is bringing that in.

**Mr. Eaton:** That is just that one plant then.

**Mr. Chairman:** The government of Quebec said, "We want milk produced in Quebec to be processed in Quebec," and that is it as



far as industrial milk coming from Quebec is concerned. That is not improbable; it could happen with the present government.

**Hon. Mr. Henderson:** There is only one that we know of, but there may be others. The operators of the other plants—and I have talked to them—tell me they have the capacity to process about twice as much cheddar cheese as they are processing at present. Again, I say that they now are processing perhaps 110 per cent of what they did six years ago.

**Mr. Villeneuve:** Specialty cheese?

**Hon. Mr. Henderson:** Specialty and cheddar both. Sam Ault's is the one they hear about who really has a problem. He is big—

**Mr. Eaton:** Who commissioned that report you had?

**Hon. Mr. Henderson:** The Ontario Dairy Council.

**Mr. Eaton:** It is overemphasizing the problem.

**Mr. Chairman:** Oh no, I do not think so.

**Mr. Eaton:** Is it or isn't it?

**Mr. Chairman:** Ault's has at least \$25 million tied up in that plant.

**Mr. Eaton:** So they are emphasizing not on an industry-wide—

**Mr. Chairman:** Labatt's are behind it; so \$25 million is like perhaps \$25 to you and me. On the other hand, they are doing a good job for the dairy industry as far as I am concerned and they are operating at capacity. They hire between 240 and 260 people, and they have laid off 90 people just because production in Ontario is going down.

As I say, we cannot apply this penalty as it exists today, as set out by the Canadian Dairy Commission. I can understand that they do not want to be caught in the circumstances either. They are protecting themselves when the federal government has to pay a very substantial subsidy to subsidize that.

**Mr. McKessock:** What do you mean production in Ontario is going down?

**Mr. Chairman:** It is going down. Total production of milk is going down. Industrial milk is dropping every year. Are you just awakening to the fact?

**Mr. McKessock:** I do not think that is right.

**Mr. Chairman:** Industrial milk supply is going down. You heard the figures I gave. It will be down to 40 per cent from 100 per cent in 12 or 14 years.

**Mr. McKessock:** If we filled 96.7 per cent of our quota, how can it be down?

**Mr. Chairman:** That is the total production of all milk.

**Mr. McKessock:** In Ontario.

**Mr. Chairman:** That is right. Fluid milk is naturally the best market with the best return and the proper market that we can control within our province. Naturally, that is the market we are going to protect; it gives the best returns. A manufactured product does not give as high a return; that is why the federal government subsidizes it.

**Hon. Mr. Henderson:** Mr. Chairman, I am becoming concerned that we might get called up for a vote, and we have the chairman of the Ontario Milk Marketing Board here. There are some eastern Ontario members who are concerned about the possibility of the closure of a storage plant for cheese. Clarke Rollins, I know, suggested it. I am sure Mr. Rollins wanted to put some questions. I do not want to get away from anything, but I want to give these members a chance.

**Mr. Chairman:** I think Mr. O'Neil is interested in that too.

**Mr. O'Neil:** I had a discussion this afternoon with Jim Taylor, the member for Prince Edward-Lennox and I think this is a concern of his. I was very pleased this afternoon when I did call Mr. McKinnon and he returned my call. As has been expressed by the minister and certainly it is a concern of Clarke Rollins and Mr. Taylor, we have received a letter from the Hastings County Milk Committee signed by Roger Barrett, the secretary-treasurer, expressing their concern that steps are going to be taken to phase out the cheese warehousing location in the city of Belleville. They have called a meeting for next Wednesday and, during my discussion with Mr. McKinnon this afternoon, he mentioned he was going to be there.

9:10 p.m.

It is their feeling that there still is a healthy need for warehousing facilities in the Belleville, Hastings and Prince Edward area for the storage of cheese, not only now but also in the future. Could I have your feelings about that? I'm sure Clarke and Jim also have some questions.

**Mr. Rollins:** Mr. Chairman and members of the committee, this is something of great concern to the people of the Quinte area. Cheese has been an important commodity in the county of Hastings and the surrounding counties during my lifetime and perhaps a

few years before. As has been mentioned, cheddar cheese is a quality cheese. The Quinte area was known throughout this province and possibly throughout Canada for its desire to produce premium-quality cheese.

As a rural member from an area such as I have represented for several years, the Geneva Park report appears to spell doom and gloom as far as cheese production and storage is concerned. Looking over some of the figures that point to the reduction on this, it is hard to accept the possibility of closing this warehouse in the city of Belleville. It is distressing to think of people who have spent their lifetime building up the strength of this warehouse and the service it has provided and then to see that the quota today, under present conditions has been taken up and people are frantically going to alternative processing for a specialty cheese and paying the price, as Mr. McKinnon has mentioned, without quota.

The report goes on to discuss minimum cost. I cannot accept the circumstances of storage only up to the end of last year's setup, starting at the first of August of this this year. Possibly Mr. McKinnon will tell us how much is stored there now. Getting back to the producer, these small co-operatives are solely dependent on this warehouse staying in this area.

I stand to be corrected but I believe this warehouse was financed by the federal and provincial governments. Surely if the Ontario Milk Marketing Board cannot operate this warehouse successfully, the co-ops and factories in the area of Hastings, Northumberland, Lennox and Addington, Prince Edward and Frontenac counties should be given an opportunity to run it in a successful manner, streamlining things if necessary, as mentioned in this Geneva report, cutting down staff and putting it in a more favourable position.

Mr. McKinnon, the figures show an approximate \$10,000 deficit in the operation. Nothing is mentioned about what it means to these co-ops and the milk producers of these various counties in the future which as a result of these factories, are providing an industry, collectively, that is possibly one of the largest industries in the general area in that respect.

I feel very strongly that this is an imposition and an admission by the milk marketing board that it can't come up with an alternative to leave that warehouse where it is for the service of the people. The cheddar cheese is being aged in that particular warehouse for marketing. If this market is

to not get a slap in the face, it is all important that this warehouse remain in operation on behalf of these most concerned individuals who are in these co-ops.

Within the last year, the factory at Ivanhoe, through the concern of these people at the time, spent many hours getting itself back with the assistance of this government, through the late Mr. Herb Crown, who was a tremendous pillar of strength, for consideration of smaller operations and the flexibilities they have. Their sales have increased. Counter sales have increased. They are shipping a tremendous distance in some cases. I would hope that with what warehousing facilities mean to these co-operatives, you or your marketing board, or the individuals responsible for the management, could tell us.

It appears, and not only to our rural people that, along with other departments, this is a phasing-out approach to rural Ontario, of trying to centralize the operations by remote control or whatever you want to call it. I am just a rural member. I don't have all the finest answers in this regard.

**Mr. Riddell:** That smells of regional government, Clarke.

**Mr. Rollins:** I didn't want to say that, but I think these rural people in small operations are just as important as the largest operation, wherever it may be. They are entitled to the same consideration. In phasing out these warehouses, they are at the mercy of the buyer of a large quantity to take the price or leave it. They haven't got the facilities to age their cheese and they were dependent on it.

It is my opinion that, if this warehouse is phased out at the end of July, which is the end of this coming year, it will be a very sorry day and something the milk marketing board and the ministry as a whole will have to account for to the people in my area in the future.

**Mr. J. A. Taylor:** As you know, Mr. Minister, I discussed this matter with you on Tuesday of this week. I don't wish to say anything further at this time. I am here to get some comments from Mr. McKinnon who is, of course, very involved.

Having seen the disintegration of the small cheese factories throughout the country, having learned of the importance of this type of facility to the larger community, I wish to get the benefit of your observations, Mr. McKinnon.

I appreciate the economics in terms of underutilization of a facility where one has

an ongoing overhead which, on straight economic terms, may not be justifiable. There is also the matter you raised and I commented on maybe a couple of nights ago, the fact that cheese isn't being held in the warehouses for the long time it once was in terms of the ageing process. I sympathize with the sentiments of Clarke Rollins and my Liberal colleague Hugh O'Neil. I am here to get your observations before I make any of my own.

9:20 p.m.

**Mr. McKinnon:** Mr. Chairman and gentlemen, I am pleased to address this matter and give you a little background as to what the board has done, where it stands and what the reasons are.

The question of the board's involvement in operating a cheese warehouse has been under review for about two years. We had our group consultants who were studying our operation. That was one aspect they said we should take a good look at: to study carefully the costs and benefits. Those benefits, I would agree, should be considered in the light of whether a warehouse is needed to be operated by the board for the benefit of the plants, particularly those Mr. Rollins is talking about.

It involves more than the warehouse, though. It involves three things. First, it involves the board's activities in the export market. I think the government grants many years ago and the building of that warehouse and others in following years were intended basically to supply the export market. I think not many people would disagree with that.

The second point we have to look at is the question of the cheese exchange. I will come back to that and the first point as well. Third is the question of whether the milk board should be in the cheese warehouse business or whether it should not—aside from the question of whether we make or lose \$10,000. Let me just run through those.

The question that has brought this to the forefront, as much as anything, has to do with the cheese export market. The milk board was involved because we took over the responsibilities of the former cheese producers' marketing board in 1966, I guess. Because of significant declines in the export market, from as much as 30 million pounds a year in our day down to something in the order of five to six million now, we as a board have not been able to stay in the cheese export business. We have had problems with the processors in terms of supply of milk, and we have had problems with the federal Department of Consumer and Corporate Affairs in

having two bodies such as ours and the Quebec organization being the main people in the export market. They want everybody to have a little piece of that market; we don't disagree with that, but the market is so small it is not a market everybody can be in.

The only interest the board had in being involved in the export market was to save producer dollars. We had operated in the export market on a cost basis. Bear in mind, it has generally taken a subsidy in recent years to export cheese, and this subsidy is paid by the producers. It comes out of producers' revenues. We have always felt, if we could export at cost, that was a saving to producers. But that is not what has transpired. We went through the process in Ontario of trying to get the supplies. The board would buy the product from the small factories and export it and we would use the warehouse for that. By decision of the appeals tribunal in this province we were not allowed to continue that process; so the board has come to the conclusion that we should not continue to be involved in the cheese export market. We have not been involved to any extent for two years. That was decision number one and the only one we really made.

**Mr. Rollins:** Mr. McKinnon, you mentioned the reduction of the export trade. Is it not necessary to have accommodation for ageing cheese, whether or not it is exported? Is there not an alternative market? We have not got a surplus of cheese in Ontario or in Canada today, have we?

**Mr. McKinnon:** I would not say we have a surplus. Stocks are up 13 per cent over what they were a year ago.

**Mr. Rollins:** Is it in storage or do we have a surplus of cheddar cheese owing to the fact there is not an export market?

**Mr. McKinnon:** I do not think we have a surplus.

**Mr. Rollins:** Then for the ageing of cheese, how many pounds are in that warehouse as of now?

**Mr. McKinnon:** I can give you those figures right now. I would have preferred to just run through why we are involved in what we are.

**Mr. Rollins:** It is something relating to this closing of the warehouse, and I am concerned we will not get all the answers.

**Mr. McKinnon:** I will go through it very quickly. The board intends to continue a cheese exchange. There has been some controversy, but we intend to continue. What we want to do is have one exchange rather than two. Where the exchange is carried out does



not matter. It can be carried out in Belleville or, if we have one in Stratford, it can be carried out there. Neither one, east or west, wants to have it in each of those places. We are continuing to discuss that, but we intend to continue an exchange.

The only other decision we have made is that we, as a board, do not intend to carry on a separate division within our operations as a cheese division. As I am sure you know, the retirement of Arnold Johnston brought about an end to that. We will continue to operate the exchange, the warehouse and any other activities we have in cheese through our marketing division. It does not make sense to us to have a division director. That only changes the responsibilities of one person.

Let me go to the warehouse question.

**Mr. Rollins:** I am concerned about how much is in the warehouse and what use it has.

**Mr. McKinnon:** Very quickly. In 1977, the capacity was utilized 67 per cent. In 1978, it was utilized 46 per cent. In 1979, it was 33 per cent. There has been a significant change this year.

**Mr. Rollins:** We are talking from August 1 until now?

**Mr. McKinnon:** No. I am talking about the whole calendar year.

**Mr. Rollins:** I am talking from August 1 until now.

**Mr. McKinnon:** Currently, today, the warehouse capacity is at about 70 per cent.

**Mr. Rollins:** How can you talk about closing a warehouse that has been at 70 per cent capacity since August 1 when these small co-op factories depend on it?

**Mr. McKinnon:** May I just say that the board is not talking about closing the warehouse.

**Mr. Rollins:** It is selling it.

**Mr. McKinnon:** The board is talking about selling or leasing. We are quite prepared to consider leasing, if it can be shown that the need is there for the small cheese factories.

May I tell you on a percentage basis who owns the cheese in the warehouse today?

**Mr. Rollins:** Yes.

**Mr. McKinnon:** The local cheese factories own less than three per cent of the cheese.

**Mr. Rollins:** But the local cheese factories produce to the present owner.

**Mr. McKinnon:** The product that was produced in that local area represents about 42 per cent of the cheese in the warehouse. About 40 per cent of the cheese in our ware-

house comes from out of the province altogether, primarily from western Canada.

**Mr. Rollins:** Because the quota is not sufficient for all the factories they had to go to specialty cheese. We talked here earlier of the quota. These factories are capable and have the capacity if the quota had been brought up. You cannot turn a tap on and off with a farmer with a herd of cattle, Mr. McKinnon. You know that as well as I do. It takes a lot of careful planning, seven days a week, for these farmers to have the production Mr. MacDonald mentioned.

I listened carefully, and in earlier remarks it was indicated that there was an incentive to go to fluid milk. I do not quarrel with the fluid milk any more than I do with industrial milk. But at the same time, you cannot have both.

With the warehouse and factories capable of doing it, they could have more than 42 per cent in 12 months if they were given the flexibility to do so. Would you not agree?

**Mr. McKinnon:** I wouldn't disagree in basics. May I say that the local cheese factories have not made significant use of that warehouse as something they own.

**Mr. Rollins:** Where would they take or store their cheeses, opportunity to sell or age it, if that warehouse were taken away from them? They would be at the mercy of large interests where they either take it or leave it.

**Mr. McKinnon:** Please, I am not here to argue. That is not what the record shows.

**Mr. Rollins:** It has not happened yet, but it could happen if it is taken away from them. If you do not want to operate it as a board, would you give the co-ops the first opportunity to lease it for five years. Would you consider that?

**Mr. McKinnon:** I do not know what you mean by "first opportunity."

**Mr. Rollins:** I mean before it is optioned to some other large interest at a higher rate. If you put those small co-ops out of business, they are dependent on that storage.

**Mr. McKinnon:** I can put it in these terms: The board is interested in making sure that, if that warehouse is needed, it stays in business. If the smaller factories want to acquire or lease it, the board is quite interested in considering that.

**Mr. Rollins:** But you will not pull the rug out from under their feet before you make a decision?

**Mr. McKinnon:** Definitely not.

9:30 p.m.

**Mr. J. A. Taylor:** On the point of tariff raising, Mr. McKinnon: You said, if it is demonstrated that the warehouse is needed, it will be maintained. Would that be a fair interpretation?

**Mr. McKinnon:** I posed the question of whether the milk board is necessarily the organization to run a warehouse, in view of the fact that we are out of the cheese export business and the exchange can be run any place. That was part of my point in going through those three matters.

May I say that we have been criticized for not having good management at the warehouse and for not encouraging more products in the warehouse. I am simply saying that, if the industry in that area can run the warehouse better than we can, God bless them. We would be pleased to lease or sell it to them.

**Mr. J. A. Taylor:** There is one point I am trying to clarify. Are you saying your board has not made the decision to dispose of its association with the warehouse?

**Mr. McKinnon:** That is correct. We have not made any decision to dispose of the warehouse. We have made a decision to consider disposing or leasing. We have made a decision to continue to operate until that has been thoroughly thrashed out with everybody involved.

**Mr. J. A. Taylor:** The way I put it was to ask you to clarify whether you have made a decision. You have answered me and said, "No, we have not made a decision as yet." I gather what you are saying is, if the need is there, presumably we can look to your co-operation to ensure that the need is fulfilled. Am I leading you or is it a fair comment?

**Mr. McKinnon:** No, I do not think you are leading me. I say again, in considering some of the criticism we have received since this came to the attention of a number of people—and we never had any criticism before—if someone else can lease and operate it to the benefit of the cheese factories Mr. Rollins is talking about, or others, we are quite prepared to consider leasing.

**Mr. O'Neil:** Is it your intention to meet with these people? I know that all the milk committee members in Hastings, Northumberland, Lennox and Addington, Prince Edward and Frontenac counties were invited to this meeting on Wednesday night. I understand you are going to the meeting.

**Mr. McKinnon:** Yes. We initiated the meeting.

**Mr. O'Neil:** In other words, it is your intention to listen to whatever comments they have at the meeting, to assess that and to do what you can to keep that direction.

**Mr. McKinnon:** I have said this to the cheese people. I was down there last week at a meeting. We have had the Ontario Cheddar Cheese Association in to meet us at the board. We have talked to a number of our committees. The only thing of concern to me is, as Mr. Rollins put it, there seems to be a feeling that, the warehouse, even though it is not used significantly or to the extent it needs to be to make it profitable, may be needed some day because somebody might say to the factories to which Mr. Rollins referred that they will not buy their cheese.

**Mr. Rollins:** Mr. McKinnon, item two on page five says, "The board applied to the necessary federal and provincial government authorities for permission to sell the Belleville warehouse." Is that a misprint or has there been an amendment since it was prepared?

**Mr. McKinnon:** We have not applied—

**Mr. Rollins:** That is what it says here.

**Mr. McKinnon:** We would have to apply.

**Mr. Rollins:** It says, "The board applied to the necessary federal and provincial government authorities for permission to sell the Belleville warehouse." I am very concerned about the intent that might come from that.

**Mr. McKinnon:** I am not sure which document you are reading from, but I can assure you the board has not made application to anybody.

**Mr. J. A. Taylor:** You should identify the document.

**Mr. Rollins:** It is the report from the Geneva Park meeting of 1980.

**Mr. McKinnon:** Those are recommendations which the board said we should consider, and that would be done before we made any attempt to sell. We have not done that and we will not do it until after the series of meetings I referred to.

**Mr. Rollins:** I can appreciate that, but it had better be discussed at some level before it gets to the point of phasing out by the end of July 1981.

**Mr. McKinnon:** I can assure you, sir, that there will be no application made to sell to either federal or provincial governments until we have thoroughly thrashed

this out, at this meeting Mr. O'Neil has referred to and at others, if necessary.

**Mr. O'Neil:** I have a question. You mentioned a figure; was it \$10,000? Is that the amount that has been—

**Mr. McKinnon:** In our last fiscal year we lost \$10,600 after depreciation.

**Mr. O'Neil:** At that particular plant, or is that for both that one and Stratford's?

**Mr. McKinnon:** That has nothing to do with the exchange at all. That has to do with the operation of the warehouse.

**Mr. O'Neil:** The warehouse in Belleville?

**Mr. McKinnon:** Yes.

**Mr. O'Neil:** Could you explain for my information the difference in the percentage of space used and why it has gone up to 70 per cent from, say, a low of 33 per cent or whatever it was before?

**Mr. McKinnon:** I do not know whether I can answer that directly. I think I would have to say—and maybe someone would disagree—that, as I mentioned, cheese stocks are up 13 per cent in Canada. I think it identifies one of our problems. Our warehouse has been used basically as a place where people put cheese when every other warehouse is full. So, with the increase in stocks, that cheese has come in there from wherever. It is primarily owned by Black Diamond and Ingersoll Cheese from western Ontario. That is who primarily owns over half of the cheese in the warehouse.

**Mr. O'Neil:** Have you any suggestions for promoting the use of that particular warehouse so that, as Mr. Rollins and Mr. Taylor mentioned, it will not be closed but will be available for these people, and, at the same time, its capacity will be increased to make it a good, paying proposition?

**Mr. McKinnon:** I do not want to dwell on this greatly but let us make sure people understand. It is a competitive business. There are other private operators in the area, as I am sure you are aware.

**Mr. MacDonald:** And they are expanding their facilities, so the competition will be greater.

**Mr. McKinnon:** Black Diamond has expanded in the immediate area. Ault Foods built a warehouse for at least six million pounds of cheese. They used to store a lot of cheese in the warehouse, but, I believe, are not using it at this time. I believe it is not so much a question of whether the board loses \$10,000; it is a question of whether, as a milk marketing board mainly responsible for marketing milk, we should be

in competition with private entrepreneurs in the cheese warehousing business.

**Mr. MacDonald:** Mr. Chairman, as I listen to this discussion and recall the debate which went on at Geneva Park—and this is confirmed now by Mr. McKinnon—I conclude that the basic point we have to face is that the board wants to get out of the warehousing business. This is point one, paramount, the primary point.

**Mr. Chairman:** I think the point has been made. I do not want to cut anybody off but, as you know, it is 10:30 and there are others who want to speak here.

**Mr. MacDonald:** Just let me finish this one point. Therefore, if the board's primary consideration is to get out of the warehousing business for the reasons Mr. McKinnon has given, then the question is, who is the best alternative for managing that warehouse? What the people who come from that area are pleading for is that the co-operatives should be given the assurance that their needs are going to be met. Are they willing to tackle it themselves? They are going to run into the same competitive problem in terms of making it a profitable business. Or is somebody else willing to take it on to meet the needs of the local co-operatives and to gamble that, in the competitive game, they will fill the rest of the warehouse and have a profitable operation?

**Mr. Rollins:** I do not believe the co-operatives have had an opportunity—with respect to a direct answer to that question. However, this is frightening to the small co-operatives and shareholders in the cheese factories. Some of them, as you know, have sold out, such as Evergreen and Warkworth, to larger interests. These are independent operator setups, and there has to be some way that the operators are not under the stress of being deprived of a place to store their products, in which they have a large investment. I think this is the concern. They would possibly be ready to take a look at it. If they were given the opportunity and felt it was too large for them, then I do not believe there would be as much concern. I do not believe they have been offered an opportunity to lease, or some other alternative; at this point, it has not gone that far.

**Mr. MacDonald:** In defence of Mr. McKinnon, back at the Geneva Park meetings they were talking about going down to Belleville, and apparently it is scheduled for next Wednesday. That has been in the cards for two months.



**Mr. Rollins:** That is true, but the realization has just come to the people of what their feelings and concerns are. As their elected representative, I am only expressing what has been passed on to me; I have the privilege to do so.

**Mr. Chairman:** I think Mr. McKinnon has made it very clear that he is in the process of arranging a meeting for next Wednesday to give these people an opportunity to be heard and to voice their views. As long as nothing is going to be committed until they have an opportunity to hear more and assess things, I do not think we could ask for anything more.

9:40 p.m.

**Mr. Rollins:** I will just state it in about four words. The trend is—and our rural people are fighting with these consultants—

**Mr. Chairman:** I understand without your getting specific.

**Mr. Rollins:** —building an ivory tower in rural Ontario. As was mentioned by my good friend, they are being forced into regional government or an alternative, and their factories are no exception. They want to maintain their identity as private co-ops, to carry on and not to be forced into this large consolidation.

**Mr. Chairman:** Is there any more on this particular subject? There are four or five others who wish to speak.

**Mr. O'Neil:** As the one who raised the question on it, I appreciate, as do the people of our area, Mr. McKinnon's coming down with his staff to listen to the concerns. I think that what they will express to you on Wednesday night, and what has been expressed by myself, Mr. Rollins and Mr. Taylor, is that we would ask for your consideration in this matter. I think it has generated enough interest in our area that these people are prepared to work together to see if there is not some way that the warehouse can be maintained there for the convenience of the people in the cheese business in our area.

**Hon. Mr. Henderson:** I have something to say, Mr. Chairman, and it will take only a minute. I want the members to know that tomorrow morning I am going to introduce some legislation having to do with the eggs, about which I have spoken to Mr. MacDonald and Mr. Riddell.

I would like them to look at the two bills on the Order Paper from my ministry, along with these, and if they have amendments they would like to put in, to let me know so I can inform my staff. Next week

we are going to be in a rush. If you people have amendments, would you let me know on Monday or Tuesday?

**Mr. Riddell:** When are those bills coming up for debate? On Tuesday of next week?

**Hon. Mr. Henderson:** I do not know, Jack.

**Mr. Riddell:** But they are definitely coming up before the House closes?

**Hon. Mr. Henderson:** That is the intention now. In case they are called and you are not there, I want to be able to say that I have the assurance of your leaders that—

**Mr. O'Neil:** Is that warehouse not used for egg storage, too, a bit? Or can that now be combined?

**Hon. Mr. Henderson:** There is only one other thing I want to bring in here now. As you know, we have 47 minutes left for these estimates and we have only half of our votes passed. None of our items on colleges or research have been debated yet. I just want the committee to be aware of that when a vote is called. If you want to continue on with this, I do not want to limit the debate on anything—

**Mr. Chairman:** That is exactly what I am trying to bring to the committee's attention. Mr. Gaunt, Mr. Miller and Mr. Belanger want to speak.

**Mr. J. A. Taylor:** Mr. Chairman, are we getting off the subject of milk, then? As you know, the other night we—

**Mr. Chairman:** That is up to you, if you want to take up all of the time on milk.

**Mr. J. A. Taylor:** The other night we asked the minister if he could have Mr. McKinnon here because it was a very important subject—not only the question of the warehousing, but the whole broad subject.

I would just like to make a comment. I do not want to dwell on this any longer, but I really think, Mr. McKinnon, that your board is going to find it difficult to stay aloof on some of these other issues. I am thinking now in terms of the processing and warehousing of the product, and of foreign markets. That is just my observation. I will not develop my views tonight because it might take a little time.

But I can see that in a federal system of government such as we have, it is one thing to have a provincial allocation and to be ever mindful of the interests of the primary producer; but, at the same time, you cannot forget about what happens to that milk once it leaves the farm, and about

the implications across the country in terms of the processing industry and its concentration, not only in one part of the province, but in one part of the country. And you cannot forget about what that means, and the dislocations in terms of communities, job employment opportunities and so on. I will not dwell on that, but I did feel that this warehousing may be a part of a large picture. You cannot divorce yourself as a marketing board from the larger picture, in my estimation.

**Mr. McGuigan:** Would you include retail in that, Jim?

**Mr. J. A. Taylor:** No. I do not want to pursue it to the retail level tonight. I have not really developed my arguments in terms of the processing industry. As you know, we have these problems in terms of processing, whether it is ore or whether it is the offshore processing of fish and the concerns of provinces to maintain their own processing industries. We are getting into areas of foreign trawlers and so on. I am just saying there is a problem here that we cannot forget, because the processing industry is very important as is any manufacturing industry.

**Mr. Chairman:** Jim, would you not agree that under the circumstances the provincial Ministry of Agriculture and Food, the milk marketing board and the Canadian Dairy Commission and the federal government have all got to get together and try to resolve this?

**Mr. J. A. Taylor:** Absolutely.

**Mr. McKessock:** One point I would like to clarify, which you brought up was about the processing plant in your area that had to lay off 90 people because of diminishing supplies of industrial milk. As we mentioned, the total supply has not diminished—

**Mr. Chairman:** It generally goes down seasonally anyway.

**Mr. McKessock:** Are you saying it is because they went into specialty cheese instead of cheddar?

**Mr. Chairman:** This plant can process 2.5 million pounds every day of the week, if it has to.

**Mr. McKessock:** I would just like that point clarified. Why has their production or their quantity of milk dropped, so they had to lay off 90 people?

**Mr. Chairman:** Summer production is always much higher in eastern Ontario. Industrial milk has been that way for 75 years.

That is a tradition they are getting away from gradually.

**Mr. McKessock:** They have a yearly quota though, is that right?

**Mr. Chairman:** Yes, but it comes down to dollars and cents. Most of them can produce an awful lot cheaper milk grazing until October 15, than stabling in January and February.

**Mr. McKessock:** Mr. Chairman, could I have an explanation from Mr. McKinnon?

**Mr. Chairman:** Sure.

**Mr. McKinnon:** Mr. Chairman, I think you answered part of the question. It has been a seasonal problem and we always get into difficulties at this time of year. I think Mr. Villeneuve would agree over and above that, Ault's capacity has been significantly increased in the last three to four years. Other factories in the same area, while not as big as the Ault factory, have increased their output of specialty products. Some small cheese factories have. Perhaps I should not use names, but I believe Kraft, for example, has made a lot of the specialty cheeses Ault used to make. Therefore, they have taken milk supply away from Ault through this process that we are talking about.

Maybe I should not extend the argument here, but I do not know how concerned we should be about the Quebec plant situation. Sure, they have built some new plants. My concern, and maybe I should not be concerned about it, and I have discussed this concern with the Ontario Dairy Council is that the Quebec processing industry will become more efficient. That would be my biggest concern.

I think I can say emphatically that in building their largest plant, they recently closed 15 other plants to produce that one plant. I cannot compare the capacities. Maybe those 15 plants were small and did not even represent a significant portion of the new plant, but they have had a tremendous adjustment of their processing facilities in Quebec over the last 10 to 15 years. They are down to a very few large efficient plants. I am not saying that is the way we should go in Ontario, but their processing industry in Quebec has a different structure. Significant portions of it—I do not know the figure—but certainly more than 75 per cent of it is owned by producers through co-operatives and those are the people who are making the changes in processing down there with a lot of federal and government money.

**Mr. Eaton:** Does what they buy in Quebec affect the quota of Ontario? Is that over and above the Ontario plant quota that they have?

**Mr. McKinnon:** Absolutely. They can build as many processing plants as they like, but it does not give them any more quota in Quebec from producers.

**Mr. G. I. Miller:** What quantity of condensed milk products are they exporting? It seemed to me last year that we discussed this and they were trying to get into the export market.

**Mr. McKinnon:** The Canadian Dairy Commission's biggest product in export is evaporated milk. By far the greatest volume of exports out of this country are in the form of evaporated milk, primarily coming out of Quebec. Mr. Chairman, if I am taking too long, please tell me.

9:50 p.m.

**Hon. Mr. Henderson:** I think the members want to know it.

**Mr. McKinnon:** May I say it is too easy to exemplify the negative aspects of our national plan—I do not emphasize the national part of it—but let me talk about export for a minute. There has been some talk about trying to allocate export quota to the province from which the export came. That was turned down by ourselves and the processors in Ontario because we believe we have a better system here. We have added five million hundredweight of export quota to the national system. It goes into the share that every province has, whether or not any export comes from that province. Because of the extra supply of milk in Quebec in that particular local area, and in regard to the demand from consumers, it seemed logical, which I agreed with at the time, that the Canadian Dairy Commission should attempt to take some of this evaporated milk out of the Quebec area.

The result of that is simply that by putting five million hundredweight of quota into the system we get about a one-third share. Less than half of the total products being exported out of Canada come from Ontario. That simply means that our processing plants then have about half of that share of export quota allocated within Ontario to producers so we have that increase in milk production to supply local domestic markets. I submit that is a better system than what some people have proposed, which is that we add the export quota to the province or to the plant, if you like, that exports the product.

I am sure Ontario benefited by that and that has allowed us to increase our production and shares among all plants. I just wanted to point that out. Maybe I should not take any

more time. The minister asked a couple of questions.

**Hon. Mr. Henderson:** No, I want the members to be satisfied.

**Mr. MacDonald:** I have a question for Mr. McKinnon and it flows from what—

**Mr. Chairman:** Mr. Gaunt is on the list here, in fairness, Mr. MacDonald.

**Mr. MacDonald:** This is on the milk and I can make it brief. I just want to be sure I am correct in my assessment of the rules of the game in Ontario. When Jim Taylor suggested the milk marketing board should look beyond its borders into the processing industry, my understanding is that the Ontario Farm Products Marketing Board has traditionally made it a rule that a marketing board cannot get into processing. They got into a battle royal with the hog producers 25 years ago because they wanted to go into a co-op processing plant. I think, if I recall correctly, and I am trying to recall this in the instance of tobacco and one or two other boards—

**Mr. Riddell:** Beans.

**Mr. MacDonald:** Beans, yes. In other words, it is not possible for a marketing board to extend its jurisdiction into the processing, because to do so and try to raise money from the producers for that purpose is vertical integration so to speak. The producers have the control. Government policy, as implemented through the Ontario Farm Products Marketing Board, forbids it.

**Mr. Riddell:** Mr. MacDonald and I support you all the way, Mr. McKinnon.

**Mr. MacDonald:** It is not a case of supporting it. I think this is a reality you should bear in mind as you think through this process.

**Mr. J. A. Taylor:** My comment is that as soon as I asked them to have a broader vision, you think of nationalizing it—

**Mr. MacDonald:** I am not talking about nationalizing it.

**Mr. J. A. Taylor:** —and I am not suggesting the government take over or an emanation of the crown take over the processing industry but I think you have to look at where your milk is going and what is happening in terms of the processing capacity and where that capacity is. If you are going to ship milk halfway across the country because you have a concentration of processors in one particular region, it could all end up all in Quebec, at Winchester, or in Quebec. We also have Ault's in Napanee, as Mr. McKinnon knows, but what I am suggesting is that they



are related, the way I see it, and you just can not say, "Look, we have got our quota and as long as the farmer keeps producing it, then that is all we care about."

**Mr. MacDonald:** Can I stop what I started, Mr. Chairman?

**Mr. Chairman:** I would like to have Mr. Gaunt and Mr. Miller.

**Mr. Gaunt:** I will be very brief. I just wanted to get some clarification with respect to the outlook for the current dairy year. As I understand it, the last dairy year, ending on July 31 this year, we produced 96.7 per cent of our quota. In other words, we could have produced another 3.3 per cent and been all right, been dead-on the 100 per cent. Our producers got the 11 cent export-within-quota levy back, as I understand it. They got a good portion of the other levy, the over-quota export levy. Basically, they were in very good shape for the past dairy year.

My question really is, how does it look this year? The reason I am posing that question is because I had a number of producers in my riding—as I am sure the other members had—who produced over their quota. Some of them went to 103 per cent or 104 per cent of their quota. I presume those people would be all right this year because within the national requirement—you mentioned we were getting good utilization within our quota—I imagine the total production was allocated in such a way that those people were not penalized, they got their money back—I guess it came out in November. Therefore, they are okay this year.

My question is, are they going to be all right again, if they do the same thing in the current dairy year, ending on July 31, 1981? I understand our production in October has gone up in comparison to the production in October 1979. I think the total milk marketed in October of this year was something a shade over two per cent. The MSQ utilization was up something in the neighbourhood of four per cent in October of this year, as compared to October of last year.

If those producers continue in the same pattern as they produced last year, are they still going to be all right, or is there a good chance they may go over, to the extent that we all go over? That is to say, is Ontario going to produce more than its national allocation and, hence, will our producers be penalized? Or is it too early to tell?

**Mr. McKinnon:** Every time we stick our neck out we get it chopped off.

**Mr. J. A. Taylor:** It is too early to tell.

**Mr. McKinnon:** I will respond briefly by running over what I said before. Production is up 2.1 per cent in three months to date. However, we have already put 1.8 per cent increased quota in the system, and if we are going to utilize that 3.3 per cent unutilized quota, we can still go up. We are still expecting some increase in quotas to take place.

I can urge producers much more confidently this year to target for 102 per cent or 103 per cent. I cannot suggest to them that they go over that with any confidence they would get returns for that at the end of the year. I made the point earlier that in urging people to produce 100 per cent, we cannot assure them of full returns. There is a substantial possibility of loss on that portion of their quota between 95 per cent and 100 per cent.

What I am saying is we will have to have some people producing 101, 102 or 103 per cent to make sure we utilize Ontario's quota 100 per cent. That is a significantly different position than the board was taking last year. We want to get a letter out to all producers about this in the very near future. We wanted to hold that letter until we had seen whether quotas were going to be increased for January. But that is not so now and we are going to get a letter out.

**Mr. McKessock:** Could I have a supplementary on that? You are trying to get them to produce the 100 per cent, and I understand the provincial government program a year ago was to do the same thing, but they do not have that program for this current year. Is that right? If it were put in place for this current year, would that be beneficial?

**Mr. McKinnon:** You are putting me on the spot, Bob.

**Mr. McKessock:** You are the producer. Would it be beneficial?

**Mr. McKinnon:** I would have to say yes. In fact, I have had some discussion with the minister about what we can do, whether it is from government or ourselves at the board. I personally feel the board has a lot of obligation here. We must try to convince producers and give them some confidence that they can go fully to 100 per cent of Ontario's quota.

10 p.m.

**Hon. Mr. Henderson:** The members should know that Ken and I talk to one another practically every month. But on last year's production it could have been a couple of

percentage points higher. Is that about right, Ken?

**Mr. McKinnon:** I would have to say to the minister and to Murray as well that had we gone up on our utilization last year the returns would have gone down. The overquota returns would not have been the same. You would have to worry about the 11 cent rebate for export levy. That would not have been the same. We were virtually within a half of one per cent of the amount we could have produced and still have those returns levied. This year is different because there are no return of levies within the quota. Everybody is going to pay the same in terms of levies for all production within quota.

That makes a significant difference to us. The Canada Development Corporation is now paying full subsidy on the export portion of that rather than half as they did last year. The only shortfall is if everybody in Canada produced 100 per cent of their quota, approximately five per cent would not get federal subsidy. That is the shortfall. To get 100 per cent utilization, if you take it back to Ontario, then we have to have some people producing slightly over.

I am sure you are probably aware of this as well. There is very strong reaction from, I would say, half of our producers to other producers producing over their quota. We would not feel we could support incentives or guarantees for overquota. But guaranteeing 100 per cent utilization of Ontario's quota simply means that somebody is going to have to produce a little over. That is no problem. But we have numbers of producers who go 120 or 125 per cent over. I can tell you quite frankly, I get very strong letters of reaction about that. I had at least two telephone calls today, because those cheques for rebates of overquota levies are out now. Many of our producers do not like that. It is a matter of understanding and education that the system has changed since 1976. We are now encouraging full utilization of quota and not 105 per cent.

**Mr. McKessock:** Who does not like it? Is it the producer who lives within his quota who does not like the others who are getting their rebates back?

**Hon. Mr. Henderson:** Somebody who produced 96 per cent and felt they were doing justice.

**Mr. McKessock:** Yes, but next year the guy that produces 120 per cent could well be in trouble.

**Hon. Mr. Henderson:** With 102 per cent you might be in trouble. Let us not kid ourselves. Ken cannot answer them.

**Mr. McKinnon:** I cannot give them any assurances until the year end.

**Hon. Mr. Henderson:** Not until after July 31.

**Mr. Gaunt:** The person who produces over 105 per cent does not deserve any consideration. I think good producers try to stay reasonably close to their quota. It is not always possible to hit it dead on.

**Hon. Mr. Henderson:** For almost a year Ken has been trying to encourage them to produce 100 per cent—since January or February.

**Mr. McKinnon:** About a year ago now. But I have to say it was apparent. We did not think we had the cow numbers. I basically think if you can give the producers confidence, and if the cows are there, you will get the milk. It takes time to get the cows there. We think the cows are there now. It is a matter now of making sure the confidence is there that if a producer does utilize his quota well he will not get penalized for it.

**Mr. Gaunt:** There are some of them who are still very gun-shy.

**Hon. Mr. Henderson:** Ken, what percentage have we put in the system? How much extra is there in milk over a year ago? How many pounds would there be today in comparison to that same poundage a year ago?

**Mr. McKinnon:** It would be 104.8.

**Hon. Mr. Henderson:** So we have the right to produce 4.8 more pounds.

**Mr. Gaunt:** Between the 3.3 and the 1.8?

**Mr. McKinnon:** I am sorry, Mr. Minister. Are you talking about this year?

**Hon. Mr. Henderson:** Yes, this year over last year, what has been the increase?

**Mr. McKinnon:** Going back to last year, we went up about five per cent last year, plus another 1.8 per cent this year. We were able to increase our production to cover most of that increase in quota last year. So from last year into this year we can go up six or seven per cent in market share in industrial utilization. This means about 3.5 per cent in our total production. We are up about 2.1 per cent. We can adequately use another two percent increase. That is for the whole year and we have already gone through the period since August 1.

**Hon. Mr. Henderson:** We still want to remind you we cannot guarantee a person who produces 110 per cent will get the same usage he got this year. We cannot

guarantee that. That is what those who try to keep on dates are concerned about.

**Mr. Gaunt:** I have one other brief observation. I always enjoy reading the information bulletins. There is only one thing I would suggest. As one who has not completely assimilated the metric system—

**Mr. Chairman:** You can speak for the two of us, Mr. Gaunt.

**Mr. Gaunt:** I will speak for the two of us.

**Mr. McKessock:** Make it three.

**Mr. J. A. Taylor:** Let's make it unanimous.

**Mr. Gaunt:** Is it possible to put in brackets a translation of hectolitre and all those other measurements?

**Mr. J. A. Taylor:** For those with learning disabilities.

**Mr. McKessock:** The special education act has just been put in place.

**Mr. McKinnon:** Yes, it is possible, Mr. Gaunt.

**Mr. Gaunt:** I think it would be helpful.

**Mr. J. Johnson:** I think it is the unanimous opinion of the committee that you look at that.

**Mr. Chairman:** You may have to get permission from Mr. Trudeau; I do not know.

**Mr. Gaunt:** I will get that. We will fix that up.

**Mr. G. I. Miller:** There is one question I would like to ask which may already have been answered. It is in regard to a small cheese plant which has a five million pound quota. Originally, it was 10 million pounds. Did I understand, Mr. McKinnon, there is a possibility of increasing those quotas in the future? Is that the comment you made?

**Mr. McKinnon:** No, I did not say that, Mr. Miller. I said two things about that. Many of these plants are taking in more milk than they did when that quota was established by using the milk for specialty products. The 50 per cent quota figure is not relevant to what milk is going through many of those plants. I do not have the particular plants before me here, but about four or five have not adapted to any diversity in terms of product mix, have not acquired quota and therefore are down at that level. They are few in number and are very small plants.

What we have proposed in this overall proposal of change in the marketing system is to stabilize those small cheddar plants at the level they are at now so they would not go down. They could go up if there were increases in the quota but they would not go down if there were further reductions in quotas.

**Mr. G. I. Miller:** Do you foresee any increase within the next 12 months?

**Mr. McKinnon:** For the plant quota?

**Mr. G. I. Miller:** Yes.

**Mr. McKinnon:** No, I could not foresee it this year. As I see the patterns in terms of production and consumption in our marketing system, I could not foresee increases in those plant quotas next year either.

**Mr. G. I. Miller:** Where is Odessa?

**Mr. J. A. Taylor:** It is in my riding, Prince Edward-Lennox. I must be careful. It is a delightful community.

**Mr. G. I. Miller:** Am I speaking on behalf of you again, Mr. Taylor.

There is a company well placed in Simcoe. It is A. M. Jensen cheese merchants. They bought the old Wilton cheese factory. They have been in the cheese business for 35 or 40 years. The demand is there. They would like to expand.

**Mr. McKinnon:** I would like to direct you once more to the problem not only of the cheddar plants, but of plants in general. I am accepting generally the comments made by Mr. Jim Taylor.

I believe the milk marketing board does take substantial interest in the processing industry. They accept the rules Mr. MacDonald laid down. We are not talking about getting into the business, but I would say one thing. Perhaps, and only perhaps, at some point a board like ours should have some interest or involvement in the industry from the point of view of helping the seasonality problem. That is only a thought.

Many organizations and, for the most part, producer ownership of plants in some form around this whole world take care of that seasonal stabilization factor. Other boards like ours do the same thing. I am not suggesting we want to do that. But from the point of view of interest in the plants and their welfare, we fully accept they are a very important part of the industry. We do not need surplus plant capacity. How one relates total plant capacity in a province or country to a national plan, I must say I do not know. I feel we have a continuing problem there.

10:10 p.m.

I want to put in one further plug for the whole system we have. I submit it is probably the best. I am not putting in a plug for national government over provincial government, but it is probably one of the best national dairy policies that I know of in the world. That is not just speaking from a producer point of view. I believe



the stability created by it has a plus effect for the processors they do not fully realize.

Because of the structure of the industry, they have this problem with different positions being taken among one another all the time and it is a complicated problem. But bear in mind, aside from the fact the spinoff in the dairy industry is one of the greatest spinoffs that exist in agriculture, if we did not have a national dairy policy that puts something like \$75 million in direct subsidy into this province, I believe our industry would be in real difficulty. That would affect the processors a lot more than this problem of distributing existing shares of the market among processors.

I say that with a lot of sincerity at this time because federal dairy policies are under major review. I can assure you there are a lot of people within certain departments in the federal government relating to some other industries who would like to take a crack at that federal dairy policy and get some share of that substantial subsidy. I urge all members of Parliament, provincial or federal, to ensure that federal policy stays in place.

I accept we have some problems. I think the main one is the distribution of supplies to the various processing plants, not just in Ontario because other provinces have the same problem, although not to the same degree we have. That problem will continue until we find a solution to it and I do not know what that is going to be.

**Mr. J. A. Taylor:** In response to that, seeing it was initially addressed to me, I would comment that I certainly do not want my remarks interpreted as being negative in terms of the job your board has done because some of us remember when the dairy industry was semi-chaotic. That is probably the kind of expression I could use. I think you have brought order out of those conditions. You are to be applauded for that; I mean that.

However, what I thought I had said is that your function, in my view, extends beyond the farm gate in terms of ensuring the dairy farmer gets a fair return for his milk. In a federal system of government where we have 10 provinces and provincial allocations, I can appreciate there can be distortions at the processing end. Maybe I feel too strongly for this province, but I do not apologize for that. I think we have to become more aggressive provincially.

**Mr. Minister,** I am repeating myself somewhat this evening. I have said it in the past. Some of us who live closer to our sister

province of Quebec tend to compare the government programs and how they support the farming community. We see where the money is going. The chairman has given figures in terms of the equalization payments across the land, of how much money is going to the Department of Regional Economic Expansion program, and of how much of that goes to Quebec as compared with Ontario. There is always a need to be competitive.

I am not trying to wreck the nation and attack one province. What I am saying is Ontario has to look after Ontario's interest, just as Quebec looks after Quebec's interest. I do not criticize them for that and I do not think we should be criticized for being more aggressive in terms of looking after the Ontario farmer. When we are looking after the dairy producer, we have to look to the processing end of it as well. We have to look to the plant capacities we have and what that means when you cannot get enough commodity to keep your town operating.

When you have to lay off people in small communities it means a lot. Maybe it does not mean anything in Metropolitan Toronto. We rush in and help Ford Motor Company or Massey-Ferguson or Chrysler because we are concerned about jobs, but if we look at the scale in small communities, they are affected in similar ways. I think the government has to be mindful of ensuring the jobs in those communities. I think the milk marketing board is a good citizen which we have to bear in mind as well.

I will not belabour that point. I did not want you to misunderstand me, Mr. McKinnon, in terms of the job your board is doing, but I think you have to have a broad vision. From what you have just said, I gather you have.

**Mr. McKessock:** Mr. Chairman, I have another question pertaining to milk. I would just like Mr. McKinnon to give us a few comments on the quota business. This is something that is put up to us by producers or would-be producers and consumers at various times and the price attached to the quota. I would also like you to comment on how you perceive your new quota exchange working and how you perceive the price of quotas as being justified.

**Mr. McKinnon:** Mr. Chairman, I will answer the second last question first. We believe the mechanism of the quota exchange that we put into effect in March is working extremely well. The exchange of quotas is taking place there and the distribution of it

seems to be very much in line with what we expected would happen.

The question of price of quota and the problem that creates for an industry is one that is not so easy to answer. Perhaps I could say very briefly to you what the distribution of quota is. I think it should be understood that within all of the quota transfers that take place in the province, only a small proportion of those goes over that exchange. About 54.5 or 55 per cent of our total quota transfers are within families. No dollars necessarily change hands, although they might be recorded for tax purposes or whatever. There is another 16 per cent on what we call on-going farms—where a quota is transferred with a farm when the herd goes with it and the production stays on that farm. That leaves about 29 per cent of the transfers that go over the exchange.

The distribution of that quota that goes over the exchange—as an example, in our September exchange there is a relatively large number of producers buying a very small amount of quota. I think that is significant. The point there is that nobody is buying up a lot of quota. The unused market share quota which has the greatest volume—we had 131 producers buying an average of 22,000 litres, which is a pretty small amount of quota. It is the equivalent of about four cows. That is the average purchase and it has been fairly consistent throughout the period.

The other point I would like to make is that this year to date we have had more new producers come into the business than we had last year. I say all of those things to point out that even though our quota values have gone up rather significantly, it does not seem to have changed very much in terms of the quota adjustment that is taking place in the industry.

10:20 p.m.

I guess we are concerned about quota values, particularly when they get real high. I would say that at the price of market share quota today you have to expect group one to continue up because it is below the value of market share quota. What will happen to market share quota I do not know; I certainly hope it levels off.

We have designed and considered our approach to quota transfers significantly in relation to a study done for us by Lane and MacGregor of the University of Guelph. While they did not propose the quota exchange, they certainly proposed the idea of some kind of a market organism to a market-oriented system. One of the important points they made in their representation to us was

that you need to monitor your industry very carefully to make sure it is improving sufficiently when you are looking at quota values. To the extent that a producer buys quota he should ensure himself that he improves his operation—in other words, improves his efficiency. If that takes place, the general public should not be concerned about cost of the product. If the efficiency improves with the purchase of quotas, even at higher prices, that improves the efficiency and therefore lowers the cost of production—and that does not cost consumers money.

There is concern about young people getting into the industry with high quota values, but up until this point we have not seen a great deal of reluctance there. I think right in my own area I could find any number of people—young people who have come in this year brand new—who would say they are in the system because there are quotas. It is not necessarily because they have high quota values but because there are quotas. The stability and the assurances of a return over a period of time is there. We are going to continue to monitor very carefully what transpires through the quota exchange, and we are going to work with Lane and MacGregor to develop a system to publicly monitor our industry to make sure the improvement in efficiency continues as we have marketable quotas.

**Mr. McKessock:** You have a maximum on the amount of litres that one producer can purchase?

**Mr. McKinnon:** Yes, we do. It is very high. It is 5,000 litres, but anybody who goes over 3,000 litres—that is total production per day—has to get approval to buy, and we have a limit of 5,000. At this time I would say it is working very effectively without a lot of criticism. We have two or three producers who are at that level and would like to go higher, but they are not putting any pressure on us.

**Mr. Chairman:** In other words, you are trying to help the smaller farmer who needs more to have a viable operation?

**Mr. McKinnon:** To the extent that we limit those large organizations, it makes more available for him.

**Mr. W. Newman:** I would like to ask a question about the EEC. They have a completely wide open market situation there. About 30 per cent of the total income from the European Economic Community goes to subsidizing the dairy industry, and they really have not come to grips with it. People had to come to grips with it here and I have to

admire the way you have done this. It has created some problems for producers but over there it is becoming a very chaotic situation. Have they come to grips with it over there yet?

**Mr. McKinnon:** My answer would be no. They continue to try various kinds of levies and slaughter programs to try to control their production, but I do not think they have done this effectively. Not only from the EEC, but from a number of individual countries, we continue to have people coming to look at our system in Ontario and Canada.

The English milk marketing board does not even want to hear of quotas. A delegation was here just recently buying bulls, and two of the younger members of the board on that delegation decided to stay over at their own expense to study thoroughly what we are doing here in Ontario. That is a little bit encouraging to us because we really think they need to do something. We are suffering to some extent by the amount of product they put on the world market at very cheap prices.

**Mr. W. Newman:** I am just a beef farmer now and I sometimes disagree with your policies but I would say, by and large, the Canadian dairy policy and the Ontario dairy policy which you are responsible for at this time is perhaps one of the best setups in the whole world. They are really coming to look at it from all over the world.

**Hon. Mr. Henderson:** Mr. Chairman, I want to intercede here for a moment or two. I note we have about three minutes left in these estimates.

**Mr. McKessock:** You will have to get an extension.

**Hon. Mr. Henderson:** I am glad the English situation was brought out. I wish the New Democratic Party were here. I was in England a few weeks ago and the milk marketing board is something I looked at there. In England it is a little different situation than we have here. The people representing the farmers there recommend to the government what the retail price of the milk should be. There is a greater spread in England. You get about a cent an ounce for fluid milk here—not quite that but almost. England is about the same; they get about a cent an ounce. But over there, when milk comes back in the bottle it is 10 to 15 per cent dearer than it is in Canada. So there is a greater spread in England, after it leaves the farm and before it reaches the consumer's table.

**Mr. Chairman:** Would somebody go out and get Mr. Swart?

**Hon. Mr. Henderson:** And that is recommended by the people representing the farmers to the government of England. This is a real Socialist operation in England. It was in effect back—I do not know—previous to the war?

**Mr. J. A. Taylor:** The Socialists bungle everything, Mr. Minister.

**Hon. Mr. Henderson:** Mr. Chairman, on behalf of all the members who have been here tonight and on behalf of the Legislative Assembly, I want to thank Ken for coming over here. We are very proud of the Ontario Milk Marketing Board. We as members want to reserve the right to come to you with problems, to criticize you when we think you are wrong. We know that you and your board are willing to try to correct it.

When I look at all the members sitting around here, including Mr. Chairman, we represent areas that have a two-tier system of government and every one of us can tell you that we get criticisms at our local council and at our county council. I do not know how the other members deal with that when they get it, but I go right to that councillor.

**Mr. McGuigan:** We never get any from the dairy people.

**Hon. Mr. Henderson:** When we have criticism of you, Ken, we will go to you the way we did tonight. But again, we would want you to pass back to your committee that we are—and I think I am speaking on behalf of all the people here—

**Mr. J. A. Taylor:** We have only the Liberals and Conservatives here. There are not any New Democrats here.

**Hon. Mr. Henderson:** Ken understands that. So Mr. Chairman, I just wanted to put that on the record. We thank Ken for coming.

**Mr. W. Newman:** Mr. Chairman, on a point of order: Is all this thing—

**Mr. Chairman:** There are two more votes to go through; we could stay here until midnight.

**Mr. W. Newman:** We could stay here until midnight, I do not give a damn. I think it is terrible the way the minister discriminates against the members of this committee. I have no peanuts, I have no apples—

**Hon. Mr. Henderson:** If you would have been at the committee meeting as you should—

**Mr. Chairman:** Ken, you have had problems and we appreciate what you are doing. I know your task has not been an



easy one because I have seen people in my own area—I was mad enough to hit them with a stick—abuse you in a language you could not even understand. But I told these people they just come out to complain. I told them it was their business and people who try to administer affairs for them—all they get is abuse. That very often happens.

But we all feel we can talk to you if we have a problem that concerns us. I said our minister is involved in this. I would like, if we have 40 per cent of the sales of the total product and we are only producing 33 per cent, to see us try to close that gap if we can. I know you cannot do it alone. This minister may have to come through with guarantees, but Mr. Whelan is a fair-minded man—

Interjections.

**Mr. Chairman:** I will go that far. He is from Ontario and I think he will try to do the right thing.

**Hon. Mr. Henderson:** Carry the vote.

Votes 1904 and 1905 agreed to.

**Mr. Chairman:** That concludes the estimates of the Ministry of Agriculture and Food.

**Mr. McKinnon:** Mr. Chairman, I would just like to thank the members for the opportunity to be here. I never worry about criticism. I always say if you do not get criticism you are not doing very much. We are here to serve you people as well as the producers. Any time you have any questions, we are very happy to answer them.

The committee adjourned at 10:30 p.m.

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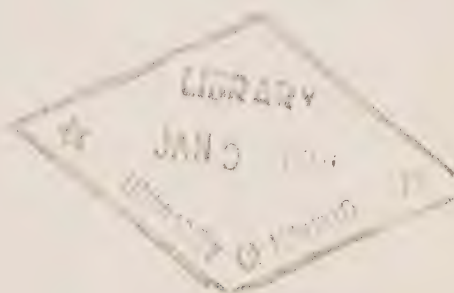




# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Estimates, Resources Development Policy



**Fourth Session, 31st Parliament**

Tuesday, December 9, 1980

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.  
Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

TUESDAY, DECEMBER 9, 1980

The committee met at 7:33 p.m. in committee room No. 2.

### ESTIMATES, RESOURCES DEVELOPMENT POLICY

(concluded)

**Mr. Chairman:** We will call the committee to order now. We have had the members of the Niagara Escarpment Commission in here for a meeting at which they could not be heard. With the committee's permission, we will perhaps take them first because some of them have to travel a distance. If you are in agreement, we will deal with that portion of the estimates until 9 p.m. and then go back to the rest of the program.

**Mr. Wildman:** Mr. Chairman, with respect, when we last adjourned these estimates, I was in the middle of my leadoff. The minister had completed his leadoff. I suggest it would be a more proper order for the critic for this party to be able to complete his leadoff prior to us getting into any discussion of the particular votes under this secretariat. I think that considering the confusion that arose over the scheduling of the Ministry of Agriculture and Food estimates at a time when most of us expected this ministry's estimates would be completed, we should proceed in normal order as much as possible this evening to ensure that we do complete these estimates in the short time allotted for the discussion of the secretariat.

**Mr. T. P. Reid:** Could I speak to that, Mr. Chairman? It seems to me we should go to the critic of the New Democratic Party by courtesy of hearing the end of his remarks. I do not know how to put this exactly. I seem to be under the impression there is more in the Niagara Escarpment Commission to be heard than just the commissioners of that body. Is this correct? Is there an other group?

**Mr. Chairman:** That is correct. There are people here.

**Mr. Bolan:** At whose invitation?

**Mr. Chairman:** They asked if they could come here and I granted them permission.

**Mr. Bolan:** Did you consult the committee before you did that?

**Mr. Chairman:** No. It was at five o'clock yesterday afternoon and I told them they could come here and listen to what the commission had to say. I would not deny that to anybody.

**Mr. T. P. Reid:** Can we clarify something? Are they here to listen—the meetings are open to the public, obviously—or are they here to make a presentation?

**Mr. Chairman:** They are here to listen. I told them that if they wanted to ask questions after the commission made its presentation, if the committee agreed, we would allow them to ask questions.

**Mr. T. P. Reid:** I am sorry, Mr. Chairman. I am not trying to be obtuse but the Niagara Escarpment Commission, whose estimates come under the Provincial Secretariat for Resources Development, is here, and legitimately so, to account for its stewardship and tell us how it plans on spending the money in the estimates. I am still not sure whether these other people are here to make a presentation or ask questions or both.

**Mr. Chairman:** They are here to ask questions, as far as I know.

**Mr. T. P. Reid:** With all respect, Mr. Chairman, I suggest, while I appreciate their being here and everything else, that is entirely out of order. The estimates are the time for members to ask questions. It would be unfair, I think. There may be others in the public who want to ask questions of the Niagara Escarpment Commission as well. I do not think this is the forum for that to take place.

**Mr. J. Johnson:** Mr. Chairman, may I make a comment? I chaired a meeting of our caucus yesterday that met with a group of ratepayers from the Niagara Escarpment Commission.

**Mr. T. P. Reid:** Wait a minute. Let's keep these bodies straight.



**Mr. J. Johnson:** The Niagara Escarpment Northern Ratepayers Association.

**Mr. T. P. Reid:** All right. That is not the Niagara Escarpment Commission.

**Mr. J. Johnson:** Exactly. It was suggested that the Niagara Escarpment Commission was meeting with this committee tonight. These people expressed interest. Our chairman extended the invitation for them to attend tonight and, with the permission of this committee, to address the committee. Mr. Bolan, if you want to shake your head, shake it, but that is what was suggested, if the committee would concur. If the committee does not wish to meet with them or discuss it, that is fine.

**Mr. J. A. Taylor:** Why don't you move a resolution and we will vote on it?

**Mr. J. Johnson:** Mr. Chairman, I move that the committee be allowed to make a presentation to this committee at the conclusion of the critic's statement.

**Mr. Chairman:** I suggest we hear the Niagara Escarpment Commission first because, after all, most of these people have to drive home tonight and it is not very encouraging weather.

**Mr. J. Johnson:** Mr. Chairman, I will be quite brief in my comment. I will simply request the permission of this committee to allow these people representing the Niagara Escarpment Northern Ratepayers' Association to make a presentation.

**Mr. J. Reed:** Mr. Chairman, I would like to speak against the motion—I take it that it is now a motion on the floor—and point out that if one group representing an interest of one kind or another wishes to address this body, which is a highly unusual procedure I must add because we are in estimates—we are not discussing something else—we are in fact in estimates. If a body chooses, it seems to me in the interests of the democratic process that other points of view be heard equally on a situation like this. In fact, the motion doesn't say that. The motion doesn't suggest that every group that has a vested interest in the Niagara Escarpment be allowed to speak on the particular issue at hand. It only suggests that one particular group representing some interest of one sort or another be allowed to speak. Therefore, I think to approve of such a thing would be not only a highly irregular procedure, but it would actually oppose the kind of process that we try to develop and make work here, that is, the democratic process. We cannot have one without the other. In this situation, I would have to vote against such a motion.

7:40 p.m.

**Mr. Swart:** Mr. Chairman, I do too. One is the matter of the time. If we hear one, it is true that we must hear another and this time is for the estimates, so that members of the committee can ask questions. It is, as stated, highly irregular. In my five years as a member, to my knowledge, this would be the first time that this has happened. I think I am correct in stating that. It is unfair, even if we hear two sides because we are going to have open hearings on these things, then it seems to me we should notify various interested groups. We have to do it either one way or the other. We have to hear all sides, anyone who wants to make representation, or hear none.

The fourth and perhaps the final reason, is that what can take place here can be of no consequence to the people involved. The end result of estimates is that they are taken back to the House and we vote for or against them. There is no possibility of moving a resolution to deal with the issues. It is a vote on the estimates. Therefore, I feel it is totally out of order and, if we proceeded with this tonight, it would set a precedent we would live to regret many times over.

**Mr. Chairman:** In fairness, Mr. Swart, may I tell you that when I first came on this committee Mr. Havrot had correspondence from these people, indicating they wanted to be heard before this committee. That was over a year ago. I have the correspondence because Mr. Havrot delivered it to me. I told him that at an appropriate date, when time was available, we would try to entertain their wishes. We have never had, to my knowledge, in the last year the Niagara Escarpment Commission before us, nor have we had this minister. These people are citizens who are directly involved in this matter but, if it is the wish of the committee not to hear them, we will vote on it and that will be it.

**Mr. Wildman:** Mr. Chairman, in respect to the motion that has been put, I want to make a number of points.

The first is that I have to agree with Mr. Swart. Although the Niagara Escarpment and the controversy surrounding the Niagara Escarpment Commission and the planning in that area is important, if we were to move to hearing a particular group with a particular point of view on that matter before this committee, then it would only be fair for us to hear other groups. I have already had representation from two other groups this afternoon, asking for equal time. When we look at the time we have, and we are using

it now in this discussion, we have only three hours for the estimates of this secretariat. As important as the issues on the Niagara Escarpment are, issues which would have been raised, I am sure, by members of this committee this evening, there are other issues and other matters that come under the purview of the secretariat that should be raised. Some of them have been raised by Mr. Reed. I intend to raise a number of others.

If we are to use all of our time this evening discussing whether or not we should hear these people and then if we decide to hear them, determining how we set equal time for opposing views, we will not have any opportunity to have any further discussion of other matters which are under the purview of this ministry. I think it is the wrong forum. There is a committee on procedural affairs that is looking at agencies, boards and commissions. If there were a desire by particular groups to make representation about the operation of a particular agency, board or commission, such as the Niagara Escarpment Commission, then that is the committee where they should be making representation.

There are also opportunities during the debates on particular pieces of legislation for committees to hear representations from an interested group. We are not discussing legislation this evening. We are discussing the estimates of a particular secretariat, of a ministry. If we set the precedent this evening of hearing a particular group, in future whenever we are hearing estimates we may have representations from all sorts of groups in this province wanting to make their views known on a particular aspect of a ministry's operation, which would make it very difficult for the members of the Legislature ever to have any kind of scrutiny over the spending estimates of a ministry. We have a difficult enough time as it is. I think we should not move in this direction this evening. We should proceed as we normally do.

**Mr. McKessock:** Mr. Chairman, I think there is a problem right from the start because we have been given only five hours for these estimates. I cannot understand why for something as involved as this we have only five hours. Resources development policy covers, as has been mentioned, a lot more than the Niagara Escarpment. It includes agriculture and the environment and other areas. I think it is very unfortunate if we cannot hear these people who have come down to present their views. I understand the position that others should be heard. I

think it should have been brought before the committee so that we all had a chance to know what was going on. Can we go through to 11 p.m.? Can we extend the time or arrange to get a little more time somehow?

**Mr. W. Newman:** You have been here long enough to know the House rules do not permit that.

**Mr. T. P. Reid:** The House rules do not permit this kind of motion. It is completely out of order.

**Mr. J. A. Taylor:** Mr. Chairman, it seems to me that there is some predetermination of the process. As I understand it, we are not here as adjudicators in an adversarial situation. There has been no suggestion of that. We are in estimates. If we deal with a particular commission, we have staff from that commission—in this case, the chairman and other staff—depending on what area of the commission we are dealing with, to make comments in connection with the activities of that particular board or commission. There may be questions in regard to the expenditures; I would hope there would be on estimates. Surely we are not trying to set up here a type of tribunal where we are going to hear advocates of a particular commission, people who are in favour and people who are opposed. I have not heard that. It has never been suggested that that was the object of the exercise. It is my understanding that people are here who have direct interest in the Niagara Escarpment because they live here. They have suffered political purgatory for some seven years.

**Mr. T. P. Reid:** Under a Conservative government.

**Mr. J. Johnson:** With the support of the Liberals.

**Mr. Chairman:** Order.

**Mr. J. A. Taylor:** You can say what you like, but the suggestion is that some of these people who live there and who have experienced the process may want to make some observation in regard to this particular commission's activity. We are not calling on anything more than that. It may be as we proceed it would be relevant and very helpful to the committee.

7:50 p.m.

I cannot see why we would make a decision in advance and suggest we are going to have a formalized hearing process for those who may be advocating a beefing up of the commission with more involvement and more expenditures, on the one side, and for those who would like to dissolve the

commission on the other side. There is no suggestion of that type of activity. I would suggest that, as the estimates unfold and as questions come forward from this committee, there may be some observations from those in the audience that would be very relevant. If that is so, I cannot see us preventing those persons from making their observations.

**Mr. W. Newman:** Mr. Chairman, I would just like to make a comment here. I realize the Liberals and the NDP members are suffering a bit in trying to make a deal, and that is fair enough. That is their prerogative. I would like to point out one or two things I feel very strongly about. We have here tonight people who have come a long way, people who have driven many miles. I do not know if it is snowing up in their country, but it certainly is snowing in most parts of the province.

**Mr. McKessock:** The escarpment will look good tonight.

**Mr. W. Newman:** Yes, it will. These are people who have asked to come here tonight. Mr. Chairman, you said they could come. There are other groups here who may have an opposite point of view. I do not know. We always talk about the rules and regulations in this House. We talk about 37 years of Tory rule. There is no reason why we cannot be flexible in this committee, or why we cannot allow people who are genuinely concerned about the problems in their area to come in to talk to us. Whether we play games—

**Mr. Wildman:** Oh, come on.

**Mr. W. Newman:** What riding are you from?

**Mr. Wildman:** We are not playing a game.

**Mr. W. Newman:** Algoma?

**Mr. Wildman:** What has that got to do with it?

**Mr. W. Newman:** It has a lot to do with it.

Interjections.

**Mr. Chairman:** Stick to the subject.

**Mr. W. Newman:** I think we have people here tonight who want to be heard and who would like to ask a few questions and make a statement. They have come down here in good faith to be heard. I realize the rules are such that they really should not be allowed to be heard, but surely we, who represent individuals in this province, be it from my riding, your riding or whoever's riding, can hear these people. They have a genuine concern and they really do not know

where to go. I do not say that unkindly, but some of them do not know where to go.

They are here tonight to be heard; they want to express some views and maybe to ask some questions which will be at your discretion, Mr. Chairman. I say very sincerely I support Mr. Johnson's motion that they be heard. It is fine for us, who stay in Toronto overnight because our riding is far away—

**Mr. J. Johnson:** In the last 20 minutes we could have heard them. Why don't you put the motion??

**Mr. Chairman:** I am going to give everybody a chance to speak. The committee members have a right to speak. There is a vote.

**Mr. W. Newman:** May I just finish, please?

**Mr. Chairman:** Yes.

**Mr. W. Newman:** I think we should hear these people tonight and we should accept some questions or statements, whatever they may be. I do not care which side they are on. They came here in all sincerity tonight, and I think we have an obligation as elected people to hear them.

**Mr. Bolan:** Mr. Chairman, I will be very brief. It would appear to me that somebody over there, whether it is you, Mr. Chairman, or whether it is Mr. Johnson, has placed this committee and the ratepayers' association, some members of which are present here this evening, in a very difficult position. You have done it yourself, so don't come whining to the committee now and asking the committee to change the rules of the game because of your own stupidity. That is all it is when certain individuals in this House presume to do something on their own without even consulting the committee, which is that is exactly what happened here. All you had to do was to contact the members of the committee to find out what would happen and whether they would be flexible with respect to this, but you did not and now you are stuck with it. You are embarrassed, and I am sure these people are embarrassed. You have caused it yourself by your own stupidity, either yours or the chairman's, or both.

**Mr. Chairman:** Mr. Johnson, put the motion.

**Mr. W. Newman:** Mr. Chairman, on a point or order, he moved the motion before and it is mandatory that you put it.

**Mr. T. P. Reid:** No. You can move that the question now be put and we will vote on that. That is the way the rules work.



Mr. Wildman: Mr. Chairman, I move the question be put.

Mr. Chairman: It has been moved by Mr. Johnson that these people who want to ask questions after the Niagara Escarpment Commission has made its presentation be permitted to do so.

Mr. Wildman: With respect, Mr. Chairman, on a point of order, I thought the motion was that they be heard after the critics completed their leadoff statements.

Mr. Chairman: We did not say anything about this at all. We just said after the commission had made its presentation.

Mr. Wildman: I thought that was what you said.

Mr. T. P. Reid: Mr. Chairman, I submit to you that the motion is out of order and that we should not even be discussing it, let alone voting on it. I would hope you would huddle with the clerk of the committee, who might have a little more knowledge of these things than some of the members, to discuss whether the motion is in order.

Mr. Newman, you said yourself this is not according to the rules. Those were your words.

Mr. W. Newman: Mr. Chairman, on a point of order, as far as I am concerned the motion has been made that the motion be put.

Mr. T. P. Reid: The motion is out of order.

Mr. W. Newman: I do not care. As far as I am concerned, that means no more debate, that means a vote, and you know that is what that means. It is the same as in the House.

An hon. member: The motion is out of order. Mr. Reid is correct.

Mr. Chairman: From what I understand from the clerk, we have every right to direct this as we see fit. These people have a grievance. They have not been able to open doors. It directly concerns the Niagara Escarpment Commission, not to be critical of it but to hear what it has to say. Then they may want to direct questions because they live with this problem. I am 300 miles away, so it is not my people I am here to listen to, but I believe that, in a democracy and people who have a legitimate right to be heard should be heard.

Mr. T. P. Reid: Democracy means giving everybody a chance to speak and you are not doing it.

Mr. Chairman: If people directly affected have a legitimate right, they should be heard.

Mr. T. P. Reid: They have a legitimate right but not at this forum.

Mr. Chairman: I am putting the motion. Motion defeated.

Mr. J. A. Taylor: Record the vote.

Mr. Chairman: What are your wishes? Do you want to hear Mr. Wildman's pearls of wisdom?

Mr. W. Newman: Mr. Chairman, could we ask for a recorded vote? I think we should have a recorded vote and be asked to speak after that.

Mr. Chairman: We have a recorded vote.

Mr. W. Newman: You have it recorded?

Mr. Chairman: That is right and we have the names. The motion has been defeated.

Mr. Wildman: Mr. Chairman, I am quite willing to have my name recorded because we are following the normal procedure. I would also deem that what I have to say are not necessarily "pearls of wisdom," as you characterize it.

Mr. Chairman: You emphasized the fact that it was important.

On vote 1801, resources development policy program; item 1, Resources Development Secretariat; item 2, Royal Commission on Electric Power Planning.

Mr. Wildman: The normal procedure is to allow the minister to make an opening statements and one spokesman from each party to make a statement, and for the committee then to move to specific votes. That is all we are attempting to do and that is the normal procedure. This procedure was already once circumvented in this committee through inadvertence, which led to this minister not knowing whether he was to appear and whether he had to have his people here. There was a confusion over whether the estimates of the Ministry of Agriculture and Food or those of the secretariat would proceed.

The committee accommodated the Minister of Agriculture and Food because we did not wish to put his people and his staff in the situation of having come some distance to appear before the committee only to be sent home.

It is unfortunate that there apparently was some sort of an arrangement made for the people who wish to discuss the Niagara escarpment prior to any discussion of this arrangement with the committee. That might have been avoided if there had been consultation with the members of the committee. Unfortunately, we do not have very much time. We have used a substantial portion of

it now. I would hope I can complete my comments as quickly as possible, and then we can get on to the specific issues for which this secretariat is responsible.

8 p.m.

I made some comments earlier when we last met with regard to the secretariat's position as a superministry or a ministry and its involvement with land-use planning and resources development across the province. I had made some comments with regard to Department of Regional Economic Expansion agreements and employment development fund grants and so on.

I would like to move now to a couple of other issues. I want to say to the minister I regret the fact the Ministry of Revenue is not included or does not appear to be included as part of the committee that meets to discuss the resources development of the province. I understand the division that leads to that, but I raise it in specific regard to the management of woodlots in this province.

I understand in the Kitchener-Waterloo area a number of concerns have been raised about the impediments to property management of the forest resources in southern Ontario. As northern members we make a lot of to-do, I suppose, about the development of forest resources in the north, but all of us know there are privately owned woodlots in southern Ontario. I am concerned that a number of impediments may be placed in front of the proper management of those woodlots.

I understand nonfarmer-owned woodlots are being assessed as residential or recreational lands, resulting in higher taxes on these woodlots than taxes on farmer-owned woodlots. I certainly agree with the provisions made for farmer-owned woodlots, but I am concerned we are not making the same provisions available to nonfarmers who own woodlots, so that we can manage that resource properly. When faced with higher taxation, the woodlot owners are prone to extracting as much short-term return on their resource as possible.

As far as I am concerned, this contradicts the efforts of the Ministry of Natural Resources foresters who are trying to get such people to sign long-term management agreements under the Woodlands Improvement Act. I think we should be trying to maximize the long-term harvest from private woodlots and to reduce the short-term financial return owners could obtain from sawmill operations, because of the dwindling supplies of hardwood in southern Ontario and right across the province for that matter.

Thirteen per cent of Ontario's forest land is in private ownership and about one third of Ontario's groundwood production is in private ownership. I wonder what this secretariat is doing to try to persuade the Ministry of Revenue to take another look at this and to try to change the system so that nonfarmer owners of private woodlots can take a long-term approach to the management of their woodlots rather than attempting to get as much short-term gain as possible. That is one issue I wanted to raise.

Another one is the question of peat production. I understand the Minister of Natural Resources (Mr. Auld) is about to move an amendment to the Mining Act in the House which will bring peat into the same category as sand and gravel under the Mining Act, to reserve it for the crown. I think this is a step forward, if it will enable the crown to manage that resource in such a way that we do take advantage of the energy potential of peat, especially in northern Ontario. As the minister well knows, we have a significant amount of peat in the north. At the same time as allowing for peat production, we do not want to make it impossible for the subterranean mineral wealth to be explored and developed. I think this relates to Onakawana, which is probably close to the minister's heart.

Mr. J. A. Taylor: Heart of coal.

Mr. Wildman: I would not suggest that. I am concerned that this government, whether it be the Ministry of Northern Affairs or the Ministry of Natural Resources or the Ministry of Energy, is not taking a more active role in encouraging peat production. I understand the Quebec government is in the process of developing a pilot project for the development of peat for thermal electricity generation after the pattern of the experience in Finland. I wonder why this government in this province is not taking the same approach.

It could be argued, I am sure, because there may be higher expenses in the production of electricity in Quebec, that it makes it more economic to do that there, and maybe that's why they are ahead of us. But I really think we should be looking seriously not just at making legal provisions for the development of peat, but also at encouraging it as an alternative energy resource.

One of the arguments used to explain why we are not as involved with peat in Ontario is the fact we have so much uranium and, as the member for Algoma-Manitoulin (Mr. Lane) would agree, the Elliot Lake expansion is responsible for our ability



to provide as much energy as we have largely in Ontario. I have some particular concerns which relate to my own riding in that matter, however.

With the tremendous expansion taking place in Elliot Lake, and I know the specific expansion of that community comes directly under this secretariat, I wonder if the minister could explain what provisions are being made to deal with the infrastructure in Elliot Lake to provide for the expansion of the services necessary there, in particular the sewage treatment plant, the water and sewer system in that community, and also in the other communities in the area experiencing expansion as a result of the spinoff from Elliot Lake. I think specifically of Blind River in my riding and the need for extra assistance asked for by the municipality for the rehabilitation of its water and sewer system. I realize they have a treatment plant which has just been officially opened, but this new treatment plant costing \$2 million, I understand, is processing a great deal of ground water because of seepage into an old sewer system which is inadequate. That does not seem very economical to me.

Also, both communities, Elliot Lake and Blind River, finally have come to the position where they agree that Highway 555, which is known as the Granary Lake Road, should be completed. I am wondering what efforts the Ministry of Northern Affairs and the Ministry of Transportation and Communications are taking to bring about that completion, to start that project and bring it to fruition. It seems to me the Minister of Northern Affairs (Mr. Bernier) has taken the position it is not really too far from Elliot Lake to Blind River, so why bother building a new road, even though there are about 400 people who commute daily between Blind River and Elliot Lake.

Eldorado is building a new plant in Blind River and will be transporting low-level, radioactive, contaminated acids from Eldorado to Rio Algom in Elliot Lake. If they do not have a new road, it will go right through the downtown sections of Blind River and Elliot Lake to get there. In that regard, I am concerned about the statement recently made by the Minister of Northern Affairs, despite his backing off in the House, about the storage of radioactive waste in northern Ontario. I am specifically concerned about the attempts by the federal agency, Atomic Energy of Canada Limited, to make aerial surveys and geological surveys of areas in northern Ontario that

have been designated as possible sites for the drilling program.

8:10 p.m.

I would like to know what specific sites have been designated. Since most of the adjacent municipalities seem to be in unorganized areas, have they been notified and has their approval been obtained? This is a tremendously important issue in northern Ontario, and I would hope the minister will be able to identify those sites and assure us that all the adjacent municipalities have given their approval. That certainly was not the case in Massey. I have personally written to Atomic Energy of Canada Limited to ask them to give me that assurance, but I have not received a response as yet.

Having left the specific sites themselves, I would like to raise an issue I raised with the Minister of Northern Affairs (Mr. Bernier). If we take as given—and this is a big if—that there might indeed be safe sites for the storage of nuclear waste in northern Ontario, I would like it explained to me how on earth we are going to get that nuclear waste safely to those sites from Bruce and Pickering. As the minister knows, most of those roads, whether it be Highway 11 or Highway 17 or the railways in northern Ontario, go right through the downtown sections of the small communities in the north.

Mr. J. Reed: It would not happen if you guys were in power.

Mr. Wildman: Don't get into that. That is a ridiculous argument and I will not even respond to it.

I would like to know how we will deal with the trucking of the nuclear waste from the existing generating plants we now have in operation and which the New Democratic Party has never suggested should be shut down.

An hon. member: What about Darlington?

Mr. Wildman: I am not talking about Darlington right now. I do not want to get into that. I am concerned about a significant issue in the north. We already have the tailings problem in Elliot Lake. We know what has happened in the Serpent River basin. We know what has happened to the water supply in the community of Serpent River. I know the secretariat is involved through the Ministry of the Environment and the Ministry of Natural Resources in trying to deal with those issues. We have those problems already. If we are going to add to them the question of nuclear waste and, as I said, if we take it as given for the sake of argument that we could find safe sites, how are we going to truck it safely? I hope the minister can re-



spond because the Minister of Northern Affairs certainly could not.

I would also like to know what response, if any, this secretariat has made to the proposals made by northwestern Ontario chambers of commerce with regard to the development of the north. They recently set up a task force—I understand with government assistance—to talk about development strategy in that part of the province. As a result of their studies, they have stated that the best approach to the wide topic of economic development in northwestern Ontario is to look at the three major industries in the area, pulp and paper and forestry, mining and tourism, and determine whether these industries could provide the basis for the development of secondary industry.

That is the crux. They are looking at the problem of secondary industry and the need for diversification of the economy. They made about nine recommendations for moving ahead with the production of a mining machinery industry to provide secondary manufacturing in those communities and diversify the economy. I wonder what this secretariat or the ministries under its purview are doing to respond to those recommendations from the northwestern Ontario chambers of commerce.

Besides resources development, one of the major areas for which this minister responsible is native affairs. I want to raise a few matters under that as well. In passing, again I want to say it is unfortunate the Ministry of Revenue is not part of this committee that is chaired by the minister. We just had the recent example of the whole issue of sales tax exemptions for reserve people which led to some controversy. I wonder what role, if any, this minister, who is supposed to be responsible for government response to native issues, had in the whole discussion of the sales tax exemption on cigarettes. The ministry imposed a deadline and has now backed off and extended it. I would be interested to know what input this minister had in those discussions.

Overall, I would like to get straight once and for all what the relationship is between this minister and the Ministry of Natural Resources personnel who are responsible for native affairs, particularly Ted Wilson. As I understand it, he is involved with all the issues on native land claims and the tripartite discussions for the Ministry of Natural Resources. I would like to know what relationship, if any, he has to this minister and his staff.

I do not want to embarrass anyone, but I will point out that recently I raised an issue

with Miss Judy Clapp, who is in this secretariat and is responsible for native affairs. It was on a land claim issue. As a matter of fact, it was on the 1924 land agreement, I believe. She referred me to Ted Wilson in the Ministry of Natural Resources. I would like to know the relationship between the two. Does Ted Wilson do all the work on land claims? If he does, what is the role of this minister who is responsible for responding to native issues for the government on that particular issue?

I use the 1924 land agreement as one of the sorest issues. It is ludicrous to call it the 1924 land agreement. The agreement still has not been reached. It is still being debated and discussed among the native organizations, the federal government and this government. We still have not reached an agreement. I would like to know what input this minister has had in those discussions.

There are a couple of other issues related to native affairs. Recently the Minister of Natural Resources (Mr. Auld) cancelled a meeting he had scheduled with Grand Council Treaty 3 to discuss the headlands issue. For more than two and a half years Treaty 3 has been awaiting a response from the ministry on the headlands issue. They had a meeting scheduled for November 26 in Fort Frances to discuss it, but just prior to that meeting the Minister of Natural Resources sent a telex to the chief of Grand Council Treaty 3, Robin Green, stating he found it necessary to discuss this issue further with the cabinet. As a result, he had to postpone the meeting.

He states: "I have been directed by the cabinet to further study the implications of our previous decision"—that is an offer he had made for resettlement—"and to report back to the cabinet with an outline of the approach Ontario should take to deal with the various economic needs of the Indian people of the Treaty 3 area. I expect to have further direction from the cabinet early in the new year and will contact you again on this issue at that time." It goes on to commiserate with Mr. Green about the frustrations he must feel about the long time it has taken to get a government response.

8:20 p.m.

I wonder what input, if any, this minister had in the decision to postpone that meeting.

Why is the cabinet demanding further clarification of the position of the Ministry of Natural Resources on this issue? Is it the case that the cabinet has overruled the Minister of Natural Resources and, if so, what position did this minister take?

I recall this minister was a party to the meeting held two and a half years ago between Grand Council Treaty 3 and Mr. Auld in which they discussed the headlands issue, and I wonder if he agrees with the postponement. I would like to know why we are postponing further the resolution of this issue, which has been ongoing for two and a half years.

In the same vein, I would like to know what input, if any, this minister has had into the decisions by the Ministry of Natural Resources on hunting and fishing rights for treaty Indian people. Does this minister agree with the position taken by the Ministry of Natural Resources that treaty Indians should be included in provincial jurisdiction when it comes to issuing trapping licences and opposing the decision taken in the Cheechoo case by the provincial judge who ruled that treaty Indians were not subject to provincial licensing for trapping? I would like to know whether this minister agrees with MNR's appeal of that decision to a higher court.

Since this minister seems to be involved with organizing meetings, I wonder if he has been involved also with organizing a meeting between the Rocky Bay band of Ojibways and the Ministry of Natural Resources to discuss the Lake Nipigon fishery. They requested a meeting to try to resolve the issues with the minister. Has this ministry been involved, or is that just left to MNR, or is Mr. Wilson dealing with that on his own?

In terms of the tripartite process and the wild rice issue, I wonder whether this minister can answer the questions raised by Treaty 3 Indians on October 16 when they wanted to know, now that the federal government has made known its position regarding wild rice, whether there has been a change in the province's position regarding Indian rights to wild rice.

What amounts of the material assistance budgeted are actually being spent for the development of a viable Indian wild rice industry since the beginning of the provincial moratorium and for the duration of it? What is the policy of the provincial government for funding Indian people to develop the wild rice industry? What resource is the provincial government going to make available to Grand Council Treaty 3 to enable them to participate in the tripartite process with regard to wild rice?

Following from that in a wider context, I would like to know what the role of this minister has been in the mediation process between the provincial government and the

Whitedog and Grassy Narrows band? What is the status of those specific mediation discussions?

I am trying to hurry this along. I will move now to the other major responsibility of this minister in the sort of pot-pourri of things he seems to be responsible for. I refer to francophone services in the province. As I said in last year's estimates, there doesn't seem to be any rhyme or reason to what this minister is supposed to do, except perhaps the socio-economic and ethnic background of the minister himself.

Anyway, since he is responsible for francophone services, I would like to know, in this case, why the Ministry of Revenue and the Ministry of Education are not included on this committee since one of the major issues has been the identification of francophone school supporters, basically French-speaking ratepayers in the province, to enable school boards to know who is eligible to vote in the formation of French-language advisory committees.

We all know the abject failure of the approach of the Minister of Education (Miss Stephenson) to this whole matter. It only identified about five per cent of Ontario's francophones in its program to enable school boards to identify francophone ratepayers. As we know, in one district the ministry's much-ballyhooed approach managed to identify 76 fewer French-speaking people than the francophone groups had already identified by word of mouth.

I would like to know whether this minister agrees with that approach or whether he thinks it should be included in a formal way in the enumeration, and what recommendations he made to the Minister of Revenue and the Minister of Education prior to this whole failure. What recommendations has he made since to try somehow to salvage something out of this and get to the point of actually identifying the francophone ratepayers in the province? I would think this minister, above all, would be particularly interested in doing that, and I would be interested to hear what his recommendations have been.

Another issue that relates to the northeast particularly is services to people, specifically to children. I understand the Ministry of Community and Social Services has allocated a budget of \$400,000 for the provision of services in French to children in the northeast but, for some strange reason, my riding has been excluded from the areas that are going to be covered even though, in the northern part and in the far southeastern



part of it, we have a significant francophone population. As a matter of fact, one community, Dubreuilville, with which the minister is very familiar, has a 95 per cent francophone community, most of whom are unilingually French-speaking.

**Hon. Mr. Brunelle:** You say your riding has been excluded?

**Mr. Wildman:** Exactly; it has been excluded.

The Ministry of Community and Social Services has assured me it will attempt to correspond with French-speaking people in French—I underline “attempt”—but it does not make any commitment to provide funds for the hiring of French-speaking social workers. The Algoma Children's Aid Society has been attempting to obtain funding for French-speaking professionals, either wholly for itself or, if the caseload does not permit that, on a shared basis with other agencies, such as adult services, probation, correctional services, whatever, so we could provide French-speaking services to the francophone population of Algoma.

There does not seem to be any eagerness on the part of the provincial government to make good on the promise the Premier (Mr. Davis) made at the conference in Ottawa when he said Ontario would provide French-speaking services to francophones where numbers warrant. Certainly, if a community like Dubreuilville, which is 95 per cent French-speaking, does not qualify for French services, I wonder if any community in Ontario does.

8:30 p.m.

As the minister knows, since he comes from Cochrane North and has Rene Piché as one of his constituents, one of the major issues in northeastern and northwestern Ontario is the matter of the northern air ambulance. I would like to know what relationship the Ministry of Health has to this secretariat and what this minister is doing to try to ensure that health care is provided in two languages where it is needed. It is almost impossible for us to get French-language professionals in the health care field just as it is in the social field in northeastern Ontario.

In those areas where it is impossible to obtain a French-speaking doctor or specialist—which is even more difficult—I wonder whether this minister would support the view that we should be providing funds through the Ontario health insurance plan for the transfer of French-speaking patients by their physicians to areas that can provide health

services in French, whether it be to Ottawa or even to Quebec. The minister knows about the issue of moving people from northern Ontario to Toronto.

Even if we were to get a commitment from this government for OHIP coverage of transportation from northern Ontario communities to Toronto, that would not be a sufficient approach to serving the unilingual French-speaking people of northeastern Ontario. I have a particular case from Dubreuilville of a gentleman named Dion who has been transferred by his doctor to Montreal for very serious surgery and follow-up care; and that has not been covered by OHIP. He has had to pay it all out of his own pocket, and I would like to know what this minister is doing about that issue.

Just recently we had the case of Madame Hervé Plamondon from Mattice, who was transferred to Toronto largely because of her language problem—her inability to converse with the people who were treating her and making arrangements for her. She ended up travelling all the way back to Hearst from Toronto sitting up in a train for 15 hours because, apparently, the arrangements were not made for OHIP to cover her return fare by air. That is an example of the problems that unilingual francophones run into when they are transferred to Toronto; so I would like to know what this minister is doing in this area.

In particular, I would like to know, in terms of services to children, what attempts we are making to get francophone professionals into the large communities. I emphasize that the large communities in northeastern Ontario need professionals to deal with children with learning disabilities because it seems to me to be very difficult for us to get those kinds of services even for anglophones, much less francophones in northern Ontario.

I will leave that area of the minister's responsibility and deal briefly with two other areas of responsibility. They are the Royal Commission on Electric Power Planning and the Niagara Escarpment Commission, which has been raised earlier this evening.

I realize that the Royal Commission on Electric Power Planning has made its final report. It has finished its operations. I would like to know if the minister could report to us exactly how much it cost in total, and over how long. I would also like to know, in relation to that, when the government intends to respond to that report since we have not heard anything yet. Is the Minister of Energy (Mr. Welch) or some other minister



going to actually say whether he agrees with the recommendations of that report for which we paid so much? If they are, when are they going to do that? Is it going to be prior to the next election? Let us put it in those terms.

Also, I am particularly concerned about some of the statements that have been made by the former royal commissioner, Dr. Arthur Porter, since the commission completed its work. I would like to know whether, in the view of this minister, Dr. Porter has been speaking as the former commissioner in his statements about power planning in the global sense rather than just in Ontario. I would like to know whether this minister thinks Dr. Porter's comments, which were made recently in Maclean's magazine or at the federal parliamentary committee, were wise, especially since the provincial government has yet to respond to his commission's report. I would also like to know whether this minister has made it very clear to the commissioner that, when he is speaking, he is speaking as a private individual and whether he has asked him if, when he is making comments that seem to be contradictory to his own recommendations as a commissioner, he can somehow explain that in something like a sensible position?

Finally, in dealing with the Niagara Escarpment Commission, I would like to know why those briefing notes were so defensive about the Niagara Escarpment Commission. I appreciated the briefing notes; they were very helpful in trying to figure out what this minister does, as I know my Liberal colleague and I have some difficulty at times in figuring that out. You went on at great lengths to try and defend your commission. I would like to know why. What perceived attacks are you trying to defend them against?

I will leave it at that except to say that the Epping Common development raises serious concerns for us and for other members of the Legislature. It raises questions about the government's commitment to the development of the Niagara Escarpment plan. I hope the minister, or his staff or the staff of the commission, will be able to answer questions from the members of the committee about that development. I will leave my comment at that. I think I have taken a little more than 35 minutes to complete my remarks, and I hope we will be able to have a full discussion of these particular matters.

Mr. Lane: Mr. Chairman, just before the minister replies, I want to raise a point of personal privilege. The minister is quite able

to protect himself, but he is not the kind of a man who breaks his arm trying to pat his own back. I have been hearing the critics talk about what he does and what he does not do. I would like to point out that this minister, besides being a politician, is a gentleman and a statesman.

Mr. J. Reed: On a point of order—

Mr. Lane: Just a minute, please. In any ministry that he ever conducted, he has done his job and did it well. I am a little bit tired of hearing this kind of crap about a man of his calibre.

Mr. McKessock: We will see what he does with the Niagara Escarpment Commission.

Mr. Lane: I say to my friend behind me, you are asking some questions about my riding; I am a member who has been around a little longer than you have been; so maybe I can give you some fatherly advice. You should take care of Algoma, because you are going to have your hands full come election time. Don't worry about my riding, because I will take care of it and the candidates who are nominated to run against me will raise the questions they want to raise when that time comes. I am getting a little bit—

Mr. T. P. Reid: This is completely out of order.

Mr. Lane: Just hold on a minute. I am not frightened. I just do not want somebody asking a minister a question; I am not going to hide behind any minister's back as far as my riding is concerned. If you want to know something about it, ask me.

Mr. Chairman: I think you made your point. The minister is going to answer the critic.

Mr. Wildman: Mr. Chairman, I want to respond to those comments.

Mr. Chairman: The minister will answer the critic first and then you can answer it.

Mr. Wildman: Mr. Chairman, I just want to make clear that at no time did any one of us, either myself or any other member of the committee, ever question this minister's integrity or the fact that he is a gentleman. I think all of us respect this minister for what he is.

In terms of Mr. Lane's other comments, I am somewhat disappointed in them, because generally we have been able to co-operate with one another on issues that relate to both of our ridings.

8:40 p.m.

Mr. Lane: Just a minute. A very direct question was asked of the minister about a matter I am very directly involved in. I am

going to answer it whether or not the chairman gives me permission to do so.

**Mr. T. P. Reid:** The minister is—

**Mr. Lane:** Just a second. I have listened to you guys for 10 years down here and I'm going to have my say, okay? I am fed up with listening.

A question was asked which is being dealt with now—as a matter of fact, it has all been resolved. I think I have the right to answer this question and not any minister of this government.

**Mr. T. P. Reid:** You do not. You are not the minister and you never will be.

**Mr. Lane:** Shut up, for Christ's sake.

**Mr. T. P. Reid:** You never will be. Mr. Chairman, this is out of order.

**Mr. Lane:** I don't want to be.

**Mr. Chairman:** Just go ahead and talk. This man feels it is a situation in his riding.

**Mr. T. P. Reid:** Will you start acting like a chairman?

**Mr. Chairman:** That is quite all right. You need not tell me what to do. I have been around here a little while too.

**Mr. T. P. Reid:** And you still do not know what the rules are.

**Mr. Chairman:** That may not be. We are not all as intelligent as you are.

**Mr. Lane:** you have the floor.

**Mr. Lane:** I will just make one short comment. The situation as far as infrastructure at the new town site at Elliot Lake is concerned has been completely looked after. I do not need any questioning from anybody behind me or in front of me.

**Hon. Mr. Brunelle:** Mr. Chairman and members of the committee, I will do my best to try to reply to the various questions that were raised. Some were raised by the critics of the two official parties. If there are matters I have forgotten I know they will remind me.

Due to the lack of time, I will try to be as brief as possible, because I am sure many of the members here would like to ask questions. Also, I will send the members of the committee a copy in writing of all the matters that were raised. If some of the members feel it is not necessary to reply to some of these matters now, please let me know.

One of the questions raised in the estimates—this was raised, I believe, by Mr. Reid—was asking why the salaries and wages were higher in the 1979-80 estimates than they were in the actual. There are two reasons. One is that for a period of three months, we had two

deputy ministers, Mr. Raymond Malette, and Mr. Anderson, who was seconded to the federal government. The salary of Mr. Anderson is being refunded to the Ontario government. The second reason is that the wage increases by the Civil Service Commission were awarded after the printing of the estimates.

The Indian Commission of Ontario was also mentioned, and the question was asked as to why the payments for 1979-80 were \$162,937 compared with the estimate of \$217,500. It is because proposed retirements did not materialize. These are only estimates and often some of the Indian projects are not in the actual year and are dealt with in the following year.

Questions were raised also as to the number of staff, their salaries and their duties. We have seven—not 17—policy advisers. Their roles and responsibilities are in the book and their salaries are in the public accounts book; so I do not think it is necessary to spend time giving the individual salaries.

Both critics mentioned the role of the Ministry of Northern Affairs and the role of the provincial secretariat. The Ministry of Northern Affairs was created with the specific mandate to provide the residents of northern Ontario with greater access to the decision-making process in the Ontario government and to improve the delivery of government services to them. In both respects, the minister performs a co-ordinating role; that is, the Ministry of Northern Affairs officers act as brokers for the solution of problems involved in the provision of government services. That is why the Minister of Northern Affairs attends the three policy fields: Social Development, Resources Development and Justice.

It is also the role of the Ministry of Northern Affairs to deliver certain services involving the quality of life in northern Ontario communities. The Minister of Northern Affairs is responsible for an annual capital budget involving assistance to northern communities in the administration of DREE projects specific to that part of the province.

The mandate of the secretariat involves the development and co-ordination of resource policies for the entire province, both northern and southern Ontario. Neither is the secretariat responsible for a budget that involves capital projects. Such a function would conflict with the principles established at the formation of the policy field committees.

Also, the resources secretariat plays a liaison role. Some members referred to Elliot Lake a while ago. We played a very prominent part, because that involved the Ministry

of the Environment, the Ministry of Northern Affairs and the Ministry of Housing. This has been an example of the co-ordinating role played by the secretariat.

Questions were raised both by Mr. Wildman and Mr. Reid concerning the single-industry communities. As the honourable members know, we have the employment development fund, which has been of great assistance. Under the employment development fund we gave a substantial grant for a waferboard plant in Elk Lake near Kirkland Lake, Englehart, one for the waferboard plant in Timmins and there has been assistance given in Atikokan. There have been many examples of assistance given under the employment development fund and the Northern Ontario Development Corporation. I guess the members received what I have here. These list the assistance given projects in northwestern Ontario and northeastern Ontario by the various ministries.

Questions were raised about the Department of Regional Economic Expansion. Whose responsibility is DREE? The provincial Treasurer has the co-ordinating role in DREE agreements. The Ministry of Northern Affairs is the lead ministry for a proposed northern rural development. This is a \$17-million agreement which has not yet been signed. We were in Ottawa on November 12, and the minister, Pierre De Bane, assured us it was in the very near future. If my colleagues in the Liberal ranks have any influence over their minister—

**Mr. T. P. Reid:** They keep blaming you, Rene.

**Hon. Mr. Brunelle:** No. We are anxiously waiting for that agreement to be signed.

In the northern rural development agreement there is \$3 million for tourism. However, the Ministry of Industry and Tourism submitted a five-year plan, calling for an expenditure of \$100 million for tourism in northern Ontario. This has been considered by the officials of the federal government—

**Mr. T. P. Reid:** We still have free crown land camping.

**Hon. Mr. Brunelle:** We will come to that part.

In the case of King Mountain, refunding for a project of this type is proposed at \$35 million to be shared by the federal and provincial government. I have additional information on King Mountain—

**Mr. Wildman:** Could you just give it to me, if that is possible?

**Hon. Mr. Brunelle:** Fine; I will send the information.

Questions were raised about the development of a mining machinery industry in northern Ontario. Our government's policy is to assist manufacturers whenever we can to get established or, in the case of such a strategic industry as the pulp and paper industry, to maintain its competitive footing and current employment as far as possible. As you gentlemen know, we have given substantial assistance to the pulp and paper industry.

With reference to the mining industry, I was very surprised to learn that Jarvis Clark in North Bay is the second largest manufacturing company in the world for underground mining equipment. I believe they started around 1970 with about 30 employees. Now they have about 600 and their projected sales this year are more than \$80 million. So this is a tremendous—

**Mr. T. P. Reid:** On a point of personal privilege, Mr. Chairman: The member for the riding does not like to pat himself on the back. He is responsible for a lot of things.

8:50 p.m.

**Hon. Mr. Brunelle:** The member referred to Lake St. Joseph, to Bending Lake. As the honourable member knows, the reason that was not proceeded with was due to the depressed price of ores. However, the road is under construction.

Peat and lignite were referred to by both members. I am very familiar with lignite. As the honourable members know, the Premier announced two years ago, in regard to Ontario Hydro and Onakawana Limited that there would be a \$7-million study. It should be completed some time within the next year. The lignite can be used either to build a 1,000-megawatt plant to generate electricity or, if that is not decided upon, it could be used to make liquid gas, methanol. I am very optimistic the lignite will be used in either of those two ways.

Both members referred to peat, and it is quite true that we have tremendous peat resources in Ontario. I believe Canada is second in the world next to Russia for peat, and Ontario has about 30 per cent of Canada's peat resources.

**Mr. T. P. Reid:** A large part of it is in Rainy River.

**Hon. Mr. Brunelle:** That's right, and we are hoping the first plant could be near or in Fort Frances to use peat as the burning fuel.

In regard to access to crown lands, the member referred to the pork and beaners.



I know the member and other members have raised this many times. As you know, during the estimates of the Ministry of Natural Resources, Mr. Auld undertook to give it a thorough review. At present his officials are—

**Mr. T. P. Reid:** Could I ask you one short question? Since you mention in your briefing book that you have responsibility for land use, are you doing anything about it?

**Hon. Mr. Brunelle:** With reference to land use, there are several items. There is the land use committee, which is chaired by one of our policy advisers. The question also comes under wet lands, the food land guidelines and flood plain management. The land use committee is composed of representatives of various ministries: Agriculture and Food, Environment, Housing, Intergovernmental Affairs, Natural Resources, Transportation and Communications, Treasury and Economics.

Often there is a demand that we should prepare a comprehensive provincial land use plan. To a large degree we already have a plan in our various land use policies. For instance, I just mention the food land guidelines and the flood plain lands. These policies are constantly being improved, updated and proposed. For instance, the wet lands: We established a committee this year at the request of the Federation of Ontario Naturalists, and there will be a report early in the new year.

The member for Rainy River raised a question about plant shutdowns and employee adjustment. As the honourable members know, the Minister of Labour (Mr. Elgie) made a statement in the Legislature on October 14 outlining the various proposals. The select committee on plant shutdowns and employee adjustment was established to deal with plant shutdowns. The members have had many briefs so far. They are going to meet after the new year. We are hopeful that, as a result of their recommendations, there will be some policies established.

The member for Rainy River also raised the question of who owns the beds of the Great Lakes, James Bay and Hudson Bay. The Ontario government owns the beds of the Great Lakes. The federal government owns the beds of James Bay and Hudson Bay. We own up to the low water mark. That question of James Bay and Hudson Bay is one about which there have been many discussions that have involved not only Ontario but also Manitoba and Quebec. As far as I know, there has been no determination, and that is

still under the jurisdiction of the federal government.

**Mr. T. P. Reid:** Until somebody finds something.

**Hon. Mr. Brunelle:** We have always maintained that the resources belong to the provinces. We believe, of course, in sharing those resources.

In relation to my role in native affairs, my mandate as the minister is to play a co-ordination role. I was appointed minister responsible for native affairs in 1976 prior to being appointed Provincial Secretary for Resources Development. There are two functions. The first is to co-ordinate policy development in relation to native affairs. The second is to co-ordinate communications between the various native groups and the government.

I know there are various people who feel that maybe we should have a ministry of native affairs. The federal government has established one, as you know, the Department of Indian Affairs and Northern Development. There are many who feel it is not the right approach. In Ontario, the line ministries are responsible for their own programs. For example, fishing and hunting come directly under the Ministry of Natural Resources. Mr. Ted Wilson was referred to a while ago; he is the commissioner of the land claims office for Ontario.

Also, the honourable members know the Indian Commission of Ontario, under Justice Patrick Hartt, was appointed a couple of years ago. He was reappointed a few months ago.

In reference to DREE, when I was in Ottawa on November 12, I recommended to the federal ministers that there be a special DREE agreement for native peoples. The purpose was to provide assistance for economic development. This was quite well received. No decision was made, but it was well received, and we should be hearing shortly from them on that matter.

My deputy tells me a meeting is scheduled on December 17 between officials of the federal and Ontario governments.

I have some information here on the role of the Indian Commission of Ontario mediation process and the funding of the ICO. I will send this information to the members.

The member for Algoma referred to a few matters today. One was about the management of woodlots, and he explained why he felt that the Minister of Revenue—unless the member was suggesting he should be part of our policy field—should make some provision for land owners who are not farmers to assist them and encourage them to develop private

land. I think it is a good suggestion, and I will take it up with the Minister of Revenue.

The honourable member probably remembers the Treasurer referred in his mini-budget to the importance of forestry, especially on private land. Of course, this would apply mainly to southern Ontario, where a majority of the lands are in private ownership.

The member referred to peat resources. I agree with him that we have a tremendous potential in peat resources. If I may refer back to DREE, the federal Minister of State for Mines, Mrs. Erola, mentioned, and we submitted this also, that there should be an inventory of all the peat resources in Ontario. This is being considered under one of the DREE agreements.

**Mr. T. P. Reid:** There was a preliminary study done by the Ministry of Natural Resources in which it left out Rainy River.

**An hon. member:** Elliot Lake.

**Hon. Mr. Brunelle:** Elliot Lake; well, again—

**Mr. Wildman:** Perhaps we shouldn't raise that.

**Hon. Mr. Brunelle:** I would say the member for Algoma-Manitoulin has been instrumental in making the problem of Elliot Lake known to the government. There should be an announcement in the near future about assistance for infrastructure and for the new treatment plant.

**Mr. Wildman:** I was not trying to suggest he wasn't involved.

**Hon. Mr. Brunelle:** He was very much involved, and I think he deserves to be commended.

You referred to Blind River and mentioned the need for services and a road. I know the question of services has been brought to the attention of our Resources Development policy field. I am not familiar with the road in question. Would this be a road with a direct route from Blind River to Elliot Lake?

**Mr. Wildman:** Yes, a direct route. It has been an ongoing issue for about 20 years, off and on.

9 p.m.

**Hon. Mr. Brunelle:** I have a note here that the Ministry of Transportation and Communications conducted studies three years ago with reference to the possible construction of a road from Blind River to Elliot Lake. On a cost-benefit basis the project was deemed not feasible. Instead, improvements were made in the main road from Elliot Lake to Blind River.

The member also referred to radioactive waste in northern Ontario. He asked if the Atomic Energy Control Board had designated sites. To my knowledge, there have been no sites designated. There have been public hearings, I believe, in Mr. Reid's riding—

**Mr. T. P. Reid:** Atikokan.

**Hon. Mr. Brunelle:**—at Atikokan—but as far as I know, there has been no decision as to any sites in northern Ontario.

**Mr. Wildman:** I have been informed by the federal authorities that they are considering five sites.

**Hon. Mr. Brunelle:** Considering, yes.

**Mr. Wildman:** What are they?

**Hon. Mr. Brunelle:** At present there is a lot of opposition to any of the sites being considered; so it would be quite some time before we would know whether there are any sites. Have the municipalities been consulted? Consultation is certainly part of the process and, referring to Atikokan, I understand there have been meetings with the local municipality.

The member asked how, if sites should be established, the nuclear waste will be transported from southern Ontario to these northern Ontario sites. Both the federal government and our own government, through the Ministry of Transportation and Communications, have legislation dealing with the transportation of hazardous material; so I think steps are being taken to make sure that, if and when, waste will be safely transported.

Regarding economic development in northern Ontario, recommendations have been made by northwestern chambers of commerce. I believe the Ministry of Northern Affairs is considering assistance for a study.

Turning to the sale of tobacco on Indian reserves, I wonder if the member was in the Legislature when the Minister of Revenue made his statement that some of the native people are heavy smokers. For clarification, he was not advocating that they should be paying provincial sales tax; all he was advocating was that stores on reserves that sell cigarettes and tobacco should get the regular sellers' permits, which do not cost anything; they should apply for them. I think it is a question of principle, and that matter will be discussed further with the minister and the native groups. I understand they have written to him requesting a meeting.

He also asked about the relationship between the Ministry of Natural Resources and our secretariat. Again, when it comes to Indian land claims, that is a very complex

subject and, therefore, is directly under the ministry that administers crown lands. We have responsibility in a co-ordinating role. The cabinet committee on native affairs meets periodically, and this question of Indian land claims is often part of our discussions.

Regarding the cancellation of the meeting with Treaty 3 on the headlands issue, I have to tell the member that this meeting will be taking place in January. The Minister of Natural Resources did not cancel it; he just postponed it to a later date, because at present it is very difficult to get away from the Legislature. This is a very important subject, and it is a very difficult one to deal with. The whole question of headlands has serious economic and social implications. We also hope that in January, when there is a meeting with Treaty 3 Grand Council Chief Robin Green, at that time we may have some suggestions to put forward to him and members of his council on economic assistance to that area.

The member mentioned the tripartite process and the wildlife issue; this is a very important issue. Mr. Justice Patrick Hartt is the person who is carrying out a review and study. There have been several meetings with the tripartite steering committee, and we have had meetings with Mr. Justice Patrick Hartt. The former leader of the New Democratic Party, Mr. Lewis, has also been involved in trying to assist the band.

The member referred to the committee established for the designation and identification of French-speaking ratepayers for the purposes of establishing the French-language advisory committees. I was part of that committee. The Ministers of Education, Revenue, and Intergovernmental Affairs and myself, along with our deputies, met on two or three occasions. We had hoped we had obtained a satisfactory arrangement, but apparently it was not satisfactory, and we are taking another look at it. The Minister of Education is the lead minister in this matter.

In connection with services to French children in northeastern Ontario, the member referred to the announcement by the Minister of Community and Social Services (Mr. Norton) about the funding of more than \$400,000 to provide such services. I am very surprised—and I will look into it as soon as I can—that Algoma was not included. The member referred to Dubreuilville, a community that has at least 95 per cent French-speaking persons, and I am surprised that Algoma was not included.

The member also referred to the difficulty in obtaining French-speaking professional

people, like doctors and dentists. It is quite true. A city the size of Timmins, which has a population of about 50,000 people, has not one French-speaking doctor, and the population of Timmins is probably about 40 per cent French-speaking. Efforts are being made, but it is very difficult to attract professional people in northern Ontario. I am not speaking only about French-speaking people but also about professional people. Efforts are being made to try to obtain these people.

Regarding air ambulances for northern Ontario, I have attended one or two meetings recently with the Minister of Northern Affairs and the Minister of Health, and this matter is under very active consideration. It is a very difficult area, dealing with helicopters and planes that have the necessary equipment and with the necessary people. There should be an announcement very soon, because that matter has received a lot of attention in northern Ontario.

**Mr. Wildman:** What about OHIP coverage?

**Hon. Mr. Brunelle:** OHIP coverage is another area that is also being considered in trying to provide services to those people who need assistance and, at the same time, not having sort of an open-ended program.

The Ministry of Northern Affairs does provide services in Toronto. They have given a grant to the Heritage Centre to provide services for French-speaking people who do not speak any English. They assist them, meet them at the station, if necessary, and visit them in hospital and so forth. Many French-speaking people in northeastern Ontario are often referred to hospitals in Ottawa, where it is easier to obtain bilingual services. But this whole question of assistance for transportation to hospital from northern Ontario to southern Ontario is being considered very actively.

Regarding the Royal Commission on Electric Power Planning, the total cost of that commission was \$5.2 million over a period of, I believe, about three years. The recommendations—I think there were 58—are all being reviewed by the Ministry of Energy. As you know, the report has been produced over a period of time; many of the recommendations are already implemented, others are under consideration, and a few have been refused. The Minister of Energy is the minister responsible, and he will be making an announcement as to the status of those recommendations some time in the future.

With reference to Dr. Porter's comments, he made those comments as a private citizen, and I believe he sent a letter to the editor



of the Globe and Mail saying he made them as a private citizen. However, his comments were not inconsistent with the report, and there are many who feel today that Ontario should give more attention to the whole question of electricity, that the 1980s should be the electrical age, with more attention being given to heating homes and so forth electrically, and the area of transportation. As you know, the Minister of Energy is funding various projects; some are funded under a shared plan of the federal government on this whole question of energy projects.

9:10 p.m.

That is all I have at the moment. I will be pleased to try to answer any questions. I know I have missed some of the matters but, as I said, I will send written comments to all members who made their queries known.

**Mr. McKessock:** Mr. Chairman, I want to talk a little bit about the Niagara Escarpment. It is unfortunate that the northern ratepayers could not be heard when they were down here tonight. However, I do not feel too badly about it.

**Mr. Sargent:** Why can't they be heard?

**Mr. McKessock:** It was voted out of order here. But I do not feel badly about it, because they did have a chance yesterday to present their case to the government caucus. As far as that goes, the government has heard what they had to say. Of course, they are not stupid by any means. They certainly went to the right caucus at this time to present their case.

I expect the reason they did not visit the NDP or the Liberals was that the Niagara Escarpment issue is in the hands of the government at this time, and will be from here on in. The only chance the NDP and the Liberals had to denounce or do away with the Niagara Escarpment Planning and Development Act was back in 1973, when quite a few of us were not here. At that time, both the NDP and the Liberals voted against the act.

The act now is in force. It was put in force in 1973 by a majority government. The people went to the right caucus, because the plan is going to be put in place by this minister. He is going to be getting a report from the hearing officers and making his decisions on what they put to him. It will be up to the minister, I know, according to the act, as to whether the plan will be carried on or done away with.

**Mr. Chairman:** Mr. McKessock, I want to make it very clear that they saw the private

members of the government. The minister was not involved. There were no cabinet ministers present. That is why they were invited to have an interview with the minister to express their views. He is the man responsible. Since you people don't want to hear them, that is it.

**Mr. McKessock:** Mr. Chairman, as you know, I did vote to have them heard.

**Mr. Chairman:** I realize that.

**Mr. McKessock:** I am pleased that the government caucus members did hear them, because I am sure they will do an adequate job of passing this on to the minister. Of course, some of the remarks I have to make will probably go along with what the northern ratepayers had in mind.

**Mr. Swart:** On a point of order, Mr. Chairman: if we are getting into the escarpment question, should we not have the chairman and senior officials of the Niagara Escarpment Commission come to this table? We may want to ask them some questions. I will have questions when my turn comes. It might be well to have them up here.

**Mr. Chairman:** We have four speakers to hear yet. Is this what you want to deal with, or do you want to ask more questions of the minister?

**Mr. T. P. Reid:** I think we should deal with the Niagara Escarpment Commission, since these people are here. I think most of them know what they want to hear. I certainly want to hear why they have not been heard from before.

**Mr. Chairman:** Are you agreed that we can hear them now?

**Hon. Mr. Brunelle:** If it is agreeable, Mr. Chairman, we have the chairman, Mr. J. I. McMullin, and his executive officer and director, Mr. Gerry Coffin. If it is agreeable, we can ask Mr. McMullin and Mr. Coffin to come up here.

**Mr. McKessock:** Sure; I will be pleased to have them come up so they can respond to any questions asked.

Items 1 and 2 agreed to.

On item 3, Niagara Escarpment Commission.

**Mr. McKessock:** Mr. Chairman, we could have heard from both sides of this issue tonight because we do have the delightful young lady, Mrs. McMillan, here from the Coalition on the Niagara Escarpment; if there are sides to this issue, she could be termed as being on one side and the northern ratepayers on the other. Certainly we all are on the side of preserving the Niagara

Escarpment. We just have a different slant on how it should be done.

**Mr. Chairman:** The committee has made the decision; so we will hear from these people now.

**Mr. McKessock:** Mr. Chairman, do they have something further to add? Why are we going to hear from the Niagara Escarpment Commission?

**Mr. Chairman:** I understand you asked them to be here.

**Mr. McKessock:** Yes, and if I ask them questions I would be pleased to hear them respond.

**Mr. Chairman:** That is right. Are you not finished yet?

**Mr. McKessock:** No, I am not finished.

**Mr. Sargent:** Could I ask a question, Mr. Chairman.

**Mr. Chairman:** I do not want to call you out of order, but there are four ahead of you besides Mr. McKessock.

**Mr. Sargent:** This is relevant to what we are talking about.

**Mr. Chairman:** All right.

**Mr. Sargent:** What is most important to us is that this committee, the minister and all of us here in concert hear the submissions of the Niagara Escarpment Northern Ratepayers Association in support of what Mr. McKessock is doing. It is the key to what we are all talking about. I think they should be on the agenda to talk to this committee tonight.

**Mr. Chairman:** Mr. Sargent, you were not here at the time I tried to do that very thing. I live 300 miles away from it. I heard these people. I felt they had a legal, sound argument to be heard. I invited them to come here tonight if the committee agreed, which I thought was a democratic way of presenting it. But, somehow or other, suspicion is in the minds of many of your members, because Mr. McKessock is the only one who voted in favour of hearing them.

**Mr. Sargent:** We can change that.

**Mr. Chairman:** The New Democratic Party members were solidly against it. Our members voted in favour of it and were turned down. This is one of the problems you are confronted with when you are in a minority position: the majority carries. I believe the freedom of democracy should reign. But I am going to tell you what I am going to do. These people came here from hundreds of miles away. I do not care if the opposition does not want to hear them, or whether you people are not interested; I do not give a rip.

After 10:30, when these estimates are finished, these people are going to be able to ask this minister, who has agreed to stay here, some questions. We cannot force the committee to do that. That is outside of the committee's hours. Understand that clearly. It is the minister who has agreed to do that. I hope you understand thoroughly what I am saying.

**Mr. McKessock:** That is very nice of you, Mr. Minister and Mr. Chairman.

As a fireman and a land owner on the Niagara Escarpment, I want to say right off that I am opposed to the Niagara Escarpment plan and the Niagara Escarpment Planning and Development Act. I feel the proposed plan should not proceed and the Niagara Escarpment Planning and Development Act should be rescinded. I want to explain why I feel that way.

First, being a land owner and an MPP within the Niagara Escarpment, I have been subjected to all the problems that the Niagara Escarpment Planning and Development Act has created. I do not feel the contemplated end results justify the problems created, the money spent on the Niagara Escarpment Commission and plan, or the money that will be spent in completing the plan and administering it.

Second, the municipal plans and zoning bylaws now adequately protect our rough escarpment land. This was not the case when the Niagara Escarpment episode first started 10 or 12 years ago. Therefore, the research and planning that has gone into the Niagara Escarpment was not all wasted. Much of it has been adopted in the municipal official plans. For the Niagara Escarpment plan to continue now is going to be a waste, though, and a duplication of planning. I feel the Niagara Escarpment can be protected easily under our own municipal official plans and zoning bylaws.

Grey county now has nine full-time planners. Ten years ago, the county had none. To have another layer of planning come in over our official plans is costly and wasteful. In the past 10 years, planning has moved ahead with great strides. It should be evident now that the Niagara Escarpment plan and the Niagara Escarpment Planning and Development Act are not needed, and that the official plans and zoning bylaws that have been requested by the government have been put in place to cover the inadequate planning that was evident 10 years ago when the Niagara Escarpment plan was first thought about.

9:20 p.m.

I do not know why the Niagara Escarpment Planning and Development Act has not been abandoned before this. I feel that, if the act and the Niagara Escarpment Commission had been an offspring of the Ministry of Housing, it would have been abandoned when it became evident that the Ministry of Housing had moved in with official planning in the province and a duplication of planning was in effect. But for some reason the Niagara Escarpment Commission was set up under the Provincial Secretariat for Resources Development, which has a very low profile, and was allowed to continue for these years without any interference. Why it was not set up under the Ministry of Housing or the Ministry of Natural Resources, I do not know; but I feel it was allowed to continue under this ministry without any co-ordination of planning between the ministries. Therefore, duplications have arisen, and this brings us to the point we are at now, with the phase one hearing going on in Owen Sound.

My hope is that we who live on the escarpment will be able to put our views and concerns across to you, Mr. Minister, in such a way that you will see both the injustice that is being done to our property rights and the costly duplication in planning that will be in effect. It has been costing us about \$2 million a year for the last several years to carry out this exercise, and I think it is time it came to an end. I say, "we who live on the escarpment," because we are really the only ones concerned. This is usually the case. I do not worry about the pain when it is the other fellow who is going to the dentist. But I find, when I have time to discuss the Niagara Escarpment Plan with outsiders, that they have sympathy for the land owner. Although we all want to preserve the escarpment, we look at it in a different light after hearing the plight of the land owner.

This country was built on the pride of ownership of land, and knowing when you bought that piece of land what you could do with it. The land owner should still have the freedom of knowing what he can do with his land when he buys it. Under the Niagara Escarpment development controls, a group of people decide what you can do after you purchase the land and make an application for a development control permit.

You should be able to go to the official plan and zoning bylaws for your municipality and discover what a certain property is designated and zoned for. But, no, you buy the

land and take your chances, at the whim or discretion of the commission.

Of course, this does not happen too often, because people were left with a piece of property which they had bought and on which they had to pay taxes, and they could do nothing with it. Then the buyer smartened up and he would buy a property only upon getting a development control permit. Now, if a development control permit is not granted, the same thing occurs, but this time it is the original owner who is left to pay the taxes on a piece of property he does not want and cannot sell owing to his not being able to get a development permit.

I recall one instance in which I was involved in an appeal at the request of the land owner. A beautiful, treed, two-acre lot in Kimberley, with access on two roads, was turned down for the development of a single dwelling. The reasons? Hazardous land, improper access to roads or something like that.

I attended at the property and found it to be an ideal building site. I am not an engineer, but I am a farmer and have installed many septic systems and built a few barns, and common sense tells me how and where you should build.

If you want to have happy years after building, you should build where the land is dry, with good drainage slopes, and there is access to good water. This site fitted all requirements but, in its wisdom, or lack of it, the Niagara Escarpment Commission turned it down.

All this confusion devalues the land in the Niagara Escarpment area. This land owner had a buyer for his lot a few years ago at \$25,000. When turned down for a permit, the buyer vanished. He offered the lot this year for \$10,000 to a young couple who wanted to build a house and, when it was turned down again, the buyers vanished again. Therefore, it is worth nothing because he cannot sell it.

He had a buyer at \$25,000, then one at \$10,000, but neither is interested without a development permit. The owner pays taxes on this property for others to look at. A house could be built on the two-acre lot for a young couple who would be happy to pay the taxes. The owner then would receive some remuneration for the years he owned and payed taxes on the property, and for offering it for use.

Since I am talking about the devaluation of land in the Niagara Escarpment area, I want to bring to your attention one more case in which I was involved recently. A property owner had his farm appraised in



1971, when capital gains tax came in, at a value of \$100,000. Two years ago, in 1978, he sold the farm and accepted a price equal to the 1971 appraised value of \$100,000. The increase in the value that should have been there was not there. But there was a problem: the Department of National Revenue would not accept this fact and billed for taxable capital gains of \$21,825. I point out again that it is only those who live on the escarpment who know for sure what is happening to their property rights and values.

As a farmer, I would like to cite another case wherein confusion, rules and regulations and development permits cost a farmer thousands of dollars in time, delays and red tape. The minister and the Niagara Escarpment Commission keep saying only 10 per cent of applications have been turned down. This one was not turned down, but it was dragged through the barnyard a lot of times before it got approval.

First, the farmer started to build a sow barn upon receiving a building permit from the township. He did not think he needed a Niagara Escarpment development permit even though he was in the development control area, because the chairman of the Niagara Escarpment Commission said repeatedly that a development control permit was not needed to build a barn. Mrs. McMillan will probably remember that statement, which was made at the St. Lawrence Centre here in Toronto a year or two ago.

The farmer spent \$10,000 on footings and walls and then was stopped by the Niagara Escarpment Commission, which said he needed a development control permit. The farmer was tearing his hair out. Good weather was here—it was in the fall—and he could not complete his sow barn. In this country, you have only so many good building days a year and then it is rain or snow. He applied for a development permit, was turned down, had to make an appointment for an appeal, appealed and finally got a permit to complete the barn. All of this time loss, confusion and cost we do not need.

It may be that the Niagara Escarpment Commission knew the price of pigs was going down at the time and they thought they were doing the farmer a favour.

The fine barn now is erected and is an asset to the farm enterprise. In fact, it has 127 sows in it today.

It seems to me that, with the Niagara Escarpment Plan, the government is trying to fix something that is not broken. The job of the hearing officers is to listen to comments from various people making presentations to

them at this time, and then to report to you, Mr. Minister, as to whether the plan should be accepted, rejected or modified. My hope is that we are supplying the hearing officers with enough evidence so they will have no hesitation in recommending that the plan be rejected for reasons of duplication of planning and costs, loss of property rights to land owners, devaluation of land, confusion and red tape, because local municipal official plans and zoning bylaws will adequately protect the area from unwanted development. If they do not make these recommendations to you, Mr. Minister, I trust you will use your own good judgement and reject this monstrosity that has befallen those of us who live in the Niagara Escarpment area.

We were asked to comment on the preliminary proposals a while back. Most comments were not good because the proposals were not good. Now we are asked to comment on the proposed plan. Certainly, on the surface it looks much improved over the preliminary proposals. But the fact that the question of expropriating land has been left out of this plan does not change anything, because it is still there in section 18 of the Niagara Escarpment Planning and Development Act, and can be used at any time, even though this plan has left it out.

The minister has been asked to rescind section 18, and in fact the whole act, numerous times, but nothing has changed. Leaving that part out of the plan because it caused so much concern in the preliminary proposals does not change anything. It makes it look better to those who are reading this plan for the first time and who have not seen the preliminary proposals or the act; that is all.

9:30 p.m.

Since the preliminary proposals came out, the size of the area to be encompassed by this plan is reported to have been reduced by two thirds. I have not noticed any change going through parliament to reduce the area.

Ontario Regulation 118-74 is still in place and sets out 2,000 square miles, or 1.3 million acres, for the Niagara Escarpment Commission to work with. Things have changed on the surface since the preliminary proposals but, deep down inside, they are still the same. I was led to believe that the Bruce Trail would not be as prevalent in the new plan as in the proposals. I really cannot see much difference. I thought even the Bruce Trail Association wanted to dissociate itself from the plan because of the adverse effect it has on the trail, because the land owners had turned the trail off their farms since the preliminary proposals were made. If it had

not been for the Niagara Escarpment plan, the Bruce Trail would probably have carried on without any interference. No one, especially the farmers who have been there for years, objects to the odd person crossing his land. Farmers and land owners do object to their places being publicized, though, and to people coming in droves.

I am opposed to the concept of a continuous trail. There is no good reason for it being continuous. I believe 175 people have walked the entire length of the Niagara Escarpment from the tip to the Bruce Peninsula. Most people walk only a portion of the trail. The government and conservation authorities now own more than 90,000 acres in Grey county alone. Enough trails could be established on government land without getting on to private property. I have always recommended to various nature lovers that if they like walking on private property, they should buy a piece of it. There are acres for sale. I have watched a number of people do just that, too, and do you know what is the first thing they do after they buy a piece of land? They put up signs all around it saying, "No Trespassing."

Section 3(6), methods of land acquisition, parts 4 and 6, smell again of continuous trails and awfully poor planning. What farmer wants a farm that is cut up by easements? Part 4 sounds as if it means that if easements cannot be obtained, the government would buy the farm, put on the easements and then sell it again. Sure, someone would buy it. There is always a buyer for everything, but it is poor planning to cut up land for an easement for a trail when we have miles and miles of trails and thousands of acres of land to walk over without doing this.

Under the Niagara Escarpment plan, the government owns and intends to purchase thousands of acres of land. In the past, the government has not been paying its full share of taxes on this land. Therefore, townships with this government land have a lower assessment. This plan is going to lessen development and, therefore, assessment. The government land should be assessed as recreational, the same as if a private person owned it, and the government should pay full taxes to the township.

I think the Niagara Escarpment areas should be controlled and planned in the same way as other areas are controlled, through official plans and zoning bylaws. The Niagara Escarpment act is now a duplication of planning and a waste of money. There are other areas in Ontario that are just as unique and beautiful as the Niagara Escarp-

ment, such as northern Ontario and counties in southern Ontario. I agree that farm land should be protected, but not just in the Niagara Escarpment area. A "preservation of farm land act" for Ontario would make more sense than the Niagara Escarpment act.

I might say that I brought this up in the estimates of the Ministry of Agriculture and Food last week. I said to the minister that we have the cart before the horse here; we should have had a farm land act. He said to me: "What do you mean? Are you against local autonomy? We have the Planning Act to preserve farm land." I said: "That is fine, Mr. Minister. If that is the case, why did you need the Niagara Escarpment act to preserve the Niagara Escarpment? Why don't we preserve it under the Planning Act? We just want to be treated the same as everybody else. If the Planning Act is going to do it, let us stick to the Planning Act."

We should not allow these things to keep going on the way they are in the province right now. We allow Toronto to use more prime land than any city in Canada and allow farm land right across the province to be used for whatever purpose wanted, other than farming, even though only 10 per cent of our land is capable of being farmed. We allow this prime farm land to be used up and paved over and, on the other hand, we want to go to extremes to preserve the rough land of the Niagara Escarpment. If this continues, and we keep worrying about the beautiful rough land and pay no attention to the producing land, some day we will starve to death while watching the beautiful escarpment.

Mr. Minister, I expect that if the farm land act had come first, then you could probably have come in with an aggregates act and then the Niagara Escarpment act. At the hearings, that is the order in which I ranked them when being questioned by the Coalition on the Niagara Escarpment personnel there. I put my priorities, and I think most people who like to eat would say that farm land would come first, aggregates second and the Niagara Escarpment area third. We all want to preserve it but, as I say, we have different ways of looking at it.

I might just mention—and I don't want to take up any more time—the one area that Mr. Wildman also wanted to touch on; that was Epping Common, about which I talked to Mrs. McMillan last night. I might just state that there would be a benefit there if that proposal were to go ahead. I just want to point out one reason that it must go ahead. That is because there is not enough land

designated in the Kimberley area to allow for a four seasons recreational area to proceed—this is the area that has been designated by the government at the request of the municipality. The designated area, in blue on your Niagara Escarpment map, has about 200 acres left in the Kimberley valley for development, and the majority of that is low wetland and is not suitable; it is escarpment land on which you cannot build. Sure, there is more blue land over in the Collingwood area near the Blue Mountain resort, but something that we forget is that it is at least 15 miles away from the Kimberley area.

I might just point out, too, that the Beaver Valley planning board is doing a study of the Kimberley area at this time to allow for more development there, because really it is two separate communities, the Blue Mountain resort area and the Kimberley area. There are great ski hills in both areas but they are 15 miles apart. I just wanted to point out those few things.

I would certainly not mind going on, Mr. Chairman, but I will concede to some of the other members.

**Mr. Chairman:** Mr. Bolan is not here; so Mr. Swart is next.

**Mr. Swart:** Mr. Chairman, I may not express exactly the same point of view as the member for Grey (Mr. McKessock) has expressed. I had intended to confine my comments to two things and not to get into the general principle of the Niagara Escarpment act at this time, because it is on the books and there are no amendments before us.

However, I do have to state my point of view on the general principles with regard to the preservation of the Niagara Escarpment. I was in municipal government for 21 years. Both my local municipality and the regional municipality straddled the Niagara Escarpment. I am aware of the controversy respecting that, as well as the controversy respecting planning generally, because all planning by its very nature restricts people from what they want to do with their own property and therefore it is a very delicate matter and very difficult to administer.

In the long run, in my view, there is no question that it is desirable to preserve the Niagara Escarpment, our prime agricultural land and many of our other provincial natural resources for future generations. Therefore, I suggest there is a very real public interest. I also have to say categorically, having sat on regional council and local council for some 21 years, that you cannot expect either a local municipality or

a regional municipality to be responsible for preserving the provincial interests. By the very nature of things, they are looking after the interests of their own area, which may very well conflict with provincial interests, whether it involves the Niagara Escarpment or preserving prime agricultural land. Therefore, there has to be some general overall provincial plan.

9:40 p.m.

I can agree with the member for Grey that we are lacking the priorities in this province with regard to planning. In fact, we are lacking a provincial plan. That is where the thrust should have been many years or even decades ago. The province should have set up at least the general guidelines or framework and then said to the local municipalities or regions, "You operate within that framework." If the government were setting up that framework, I am sure it would be one that provided for the preservation of the Niagara Escarpment and prime agricultural land. I would agree that we could even go further and switch those two around. Perhaps the prime farm land comes first. To date, there has been nothing done in either area.

The member for Grey talks about the Liberals being in favour of preserving prime farm land. The Liberals whom I have been associated with in the Niagara Peninsula, on regional council and elsewhere, spoke out not a whit about preserving prime agricultural land down there. I would like to have him name the Liberal members of regional council or the Liberal MPPs who spoke up for the preservation of prime agricultural land in the Niagara Peninsula, the most crucial land in all Ontario and perhaps all of Canada. They were as quiet as mice about it. Never did they promote the preservation of that land.

**Mr. McKessock:** Supplementary on that—  
Interjections.

**Mr. Chairman:** Order. Mr. Swart has the floor.

**Mr. Swart:** Mr. Chairman, I have not asked a question yet, and there are only supplementaries to question, if I know anything about procedures.

**Mr. McKessock:** There is no way one community can preserve farm land unless there is a plan for all of Ontario.

**Mr. Swart:** That is true. I have just said that. I have not noticed the MPPs pushing, and I have not even seen a private member's bill in the Legislature from the Liberal members about preserving prime agricultural



land. That is usually one way of showing concern.

It is probably true to say that the commission, generally speaking, has been carrying out the mandate it has been given. I am not here to tear the commission apart this evening. After what has been said, Mr. Minister, I must say that I, too, feel you are a very fine, honourable gentleman; but it seems to me that in the last few years the policies of the provincial government have been showing no commitment to, and perhaps even very little sincerity about, the preservation of the Niagara Escarpment.

If I may, Mr. Chairman, I want to ask a number of questions of the minister, and I want to pose some of them to the commission as well. They really deal with only two issues; one concerns pits and quarries, and the other is with regard to Epping Common.

I will be very brief on pits and quarries. My question to you, Mr. Minister, with regard to the pits and quarries is simply this: Bill 127, which was submitted by the government last spring and dealt with during the summer, gave no special consideration to the Niagara Escarpment, as you probably know. In fact, the previous bill had mentioned the Niagara Escarpment, but this bill mentioned nothing about it. Not only that, but the government policy, which was evolved in 1978 and approved in 1979, provided that all lands with aggregate resources were to be designated in the official plans of the municipalities and regions. Did you have any input in this? Was this matter discussed with you? Why was there no special consideration given to extraction on the Niagara Escarpment?

I know there are comments and proposals in the proposed plan with regard to pits and quarries. I think you would agree, if you have read that pits and quarries proposal, that the official plan and policy make it very clear that it supersedes almost anything else in Ontario with regard to priorities. I wonder if you had any input in this, whether they discussed this matter with you and whether you are happy with Bill 127 as it was presented. Do you wish to write those down and answer them at the end? Fine. Those are the only questions I have to ask you about the pits and quarries aspect.

The other question I want to discuss relates to the Epping Common development. I will put the question to the commission first. I presume, Mr. Minister, that you are familiar with the Epping Common development. I am sure the commission is and we do not need to dwell on this at any length. We need

only say that there is a proposal for a major commercial and residential development on some 305 acres there.

In September 1980, the Niagara Escarpment Commission wrote to the Ministry of Housing saying it was opposed to that development. I have here a copy of the letter and the document on which that was based. My first question is whether the Niagara Escarpment Commission is still opposed to amendment 33 for Epping Common. I am really putting this question to the commission.

**Mr. McMullin:** If the minister and the chairman agree, I will answer.

**Mr. Swart:** I was directing that question to the chairman of the commission.

**Mr. McMullin:** Yes, the commission is still opposed.

**Mr. Swart:** Is it for the reasons stated in the document, which I presume was submitted to the Niagara Escarpment Commission, and which is dated September 18, 1980, referring to the Niagara Escarpment Commission motion? It gives the basic resolution that was ultimately passed.

**Mr. McKessock:** May I ask a supplementary on this question?

**Mr. J. Johnson:** Why did you not ask your own questions instead of giving a statement?

**Mr. McKessock:** I'm sorry; there is one point I neglected on the Epping Common matter. Since Mr. McMullin has said they are still opposed to the development, I want to ask if they have taken into consideration that fact that, the way it stands now, the owner could put signs on that 305 acres and keep the public off that land. But if this development takes place—and I explained previously that there is not enough development in that area—he is willing to give all the green area on the Niagara Escarpment map to the public. This would then allow them to cross over the Niagara Escarpment and make use of it.

The way it is now, no use can be made of the Niagara Escarpment because he controls it. He is willing to give that up if he is given a permit to build that hotel and condominium development, which is needed, in an area that is designated as a four-seasons recreational area. It is needed to make it work.

**Mr. McMullin:** I think you are all aware that at this time our plan is at the hearing stage. The plan—as it stands—does not allow the development proposed. I am not saying

there should not be further development in the Kimberley area. At the time we produced the plan, the people of Craigleith made strong requests to have a recreational type of development, up to about 30,000 houses, in the Craigleith area, to which we agreed. Had the townships in the Kimberley and Beaver Valley area made that same request, there might have been a provision made in the plan for further development. I am suggesting today that these people should go before the tribunal that this government has set up.

The speech you made tonight, Mr. McKessock, is the same one you made at the hearings in Owen Sound.

**Mr. McKessock:** I wanted the minister to hear it.

9:50 p.m.

**Mr. McMullin:** All I am saying, sir, is that there is a tribunal to be heard. The hearing officers will make their report and then this government will have a chance—whether it is any one of the parties—to pass its opinion on whether it should be thrown out or what should be done with it.

**Mr. Sargent:** On a point of privilege, Mr. Chairman—

**Mr. Chairman:** Let him finish.

**Mr. McMullin:** I think these people should go before the hearing officers and make their requests and have their lands changed to the type of development they wish to have. They are all being heard. I have a feeling that Mr. A. McCrae and his colleagues will be giving strong consideration to every request that is made to them. But I think that, legally, the commission should not be dealing with a plan for a subdivision of that size in that area at this time.

**Mr. McKessock:** But you, as a businessman, must realize that the interest paid on money nowadays will cripple that development if it has to be delayed for any length of time.

**Mr. Swart:** Mr. Chairman, it is fair to say that I have the floor. I do not mind the odd supplementary, but I do not want to see my position usurped, and I appreciate the answer by Mr. McMullin.

I presume I am right in saying that the commission rejected that development proposal for the general principles outlined in this document, which says that, because of the special characteristics of this area and its provincial importance, "no development will be permitted until the provincial policy for the preservation of the Niagara Escarpment is defined. At such time, the official plan will be amended after due consideration

with the municipality to bring it into conformity with provincial policy."

I am not going to read all of that; you are all familiar with it. But you state that it is premature, and further that it is not in conformity with the principles and objectives of the Niagara Escarpment Planning and Development Act.

**Mr. McMullin:** That is correct.

**Mr. Swart:** Second, I want to ask you, are there not other areas on the escarpment near there that are designated as resort-residential at present? Mr. McKessock mentioned this. Fifteen miles away there is a lot of land, but there is a substantial additional amount of land that is still designated in that Beaver Valley area, is there not?

**Mr. McMullin:** The Talisman resort was designated for resort development, I think, as well as one other there. The Talisman resort, as I see it, is not completed yet; but there is some, yes.

**Mr. Swart:** South of it. In fact, there is quite a large block of land that is designated as next for resort development.

**Mr. McKessock:** As I pointed out before, there are only about 200 acres, and some of that involves low wetlands, which cannot be built on, and escarpment lands. Of course, the Talisman resort has a golf course and tennis courts there which I do not feel you want to build on.

**Mr. Swart:** Is there any other development of this magnitude that has been even considered, let alone approved, by the Niagara Escarpment Commission since your plan was tabled?

**Mr. McMullin:** No.

**Mr. Swart:** Was there any development of this size that had been approved under a development permit by the escarpment commission prior to this plan being tabled? That was before you had any proposed plan for the area.

**Mr. McMullin:** We have approved many small plans of subdivisions in the Dundas and Hamilton-Wentworth areas and throughout the Niagara Peninsula. There were a couple in the Caledon area for such things as a subdivision of 12 lots. There was a big one in Flamborough township.

I think the commission has been very reasonable in approving development. Where the municipalities were requesting that they be looked at, we made some changes to some of these developments. But I think the Grey county council planning board is doing a secondary study of the Beaver Valley area to

come in to tell us where they think recreational development could take place in the Beaver Valley. I am sure it is going to be done in time to have it in to the hearings I speak of: the tribunal set up to hear this type of thing.

**Mr. Swart:** That was one of my questions.

**Mr. McMullin:** I think it would be of great help if they did that.

**Mr. Swart:** If the Beaver Valley planning authority is itself now developing a plan, would not this therefore be premature in that respect, as well as with respect to the plan of the Niagara Escarpment Commission? Would it not then be your opinion that it would set a rather dangerous precedent if you approved of this, or if this now were approved of at this time? Is it not possible that people could ask for and expect the same sort of treatment any place along the escarpment even before the plan is finalized?

**Mr. Sargent:** They allowed Talisman in there; why can't these people go in there? What right have you to make decisions on who can develop their land? What municipality cannot develop their land? They need the economy there. What right do you have to tell them they cannot go in there? Who let Talisman go in there? It was a government decision, a political decision.

**Mr. McMullin:** Talisman was there a long time before we—

**Mr. Sargent:** It doesn't matter. It is a matter of local autonomy.

**Mr. Swart:** You would think that would be a dangerous precedent, and I would agree with you. Have you seen the letter of October 21 sent by the Minister of Housing (Mr. Bennett)? I presume you have. It was sent to the Ontario Municipal Board referring amendment 33 to them. Have you seen that?

**Mr. McMullin:** Yes, I think that is in the file we have.

**Mr. Swart:** There is a clause in that which I may read to you, and which I am sure you are aware of; it says: "The public hearings on the proposed Niagara Escarpment plan are currently in progress. As it is clear that it will be some time before the plan is finalized, I consider it appropriate that the proposed amendment be dealt with by the board."

In your view, is a statement like that, which is a statement of government policy coming from a minister, not going to jeopardize the hearing in the sense that it is going to be extremely difficult, if not impossible, for you to say that it is premature?

**Mr. McKessock:** There is nothing out of order, is there?

**Mr. McMullin:** I would rather not answer that one. I think it is rather prevalent, because there are changes to deal with these things, I don't think our commission—

**Mr. Swart:** Perhaps the minister—

Interjections.

**Mr. Chairman:** Order. I think you should direct your question to the minister.

**Hon. Mr. Brunelle:** I'm sorry. Would you mind repeating the questions?

**Mr. Swart:** Have you seen the letter dated October 21, 1980, which was sent by the Minister of Housing to the Ontario Municipal Board in which he referred amendment 33 to the board and which contains this clause: "The public hearings on the proposed Niagara Escarpment plan are currently in progress. As it is clear that it will be some time before the plan is finalized, I consider it appropriate that the proposed amendment be dealt with by the board?"

Incidentally, there is no record that a copy of this letter was sent to you, Mr. Minister. Was it, in fact?

**Hon. Mr. Brunelle:** No. I did not receive a copy of that letter. But what you have just read is quite similar to the statement the Minister of Housing gave in the Legislature in reply to one of your questions, that he was referring the matter to the OMB.

**Mr. Wildman:** That's right. That's what he is asking about.

**Mr. Swart:** That is what I am asking about. But perhaps I should preface that by saying that copies of all of the other letters relative to the decision of the appeals officer and to the Minister of Housing's decision, in which he upheld the appeal board, were sent to your ministry, according to the notation on the letters. There was none on this letter. It seems to me that this is rather a serious omission, that you, who are responsible for the escarpment commission, should not even receive a copy of this letter of reference.

But my question, specifically, concerns the clause I have read. Recognizing that the Niagara Escarpment Commission said it was premature to deal with this amendment at the present time because the plans are being considered, is that not going to bias the Ontario Municipal Board? A letter like that will affect the Niagara Escarpment Commission if they appeal, or any other people who appear to say this is premature. Will they say it is government policy that the Ontario Municipal Board should proceed with it? Is



that not going to jeopardize those who are opposed to this?

10 p.m.

**Hon. Mr. Brunelle:** It is quite true, as the honourable member says, that there is some problem in the sense that development control and so forth all come under the Minister of Housing. I am responsible for the Niagara Escarpment Planning and Development Act, and our cabinet committee on resources development is trying to come to grips with this. We have come to grips with this in the past in certain areas, and there should be more—

**Mr. McKessock:** Duplication of planning?

**Hon. Mr. Brunelle:** Not duplication, but more co-ordination, and I believe I should have received a letter.

**Mr. Swart:** I would go further. Since you are responsible for the Niagara Escarpment Commission, and the Niagara Escarpment Commission has made a very strong statement with regard to this development, do you not feel it should have been discussed with you as the minister responsible for that and as the Provincial Secretary for Resources Development?

**Hon. Mr. Brunelle:** Yes.

**Mr. Swart:** You feel it should have been discussed with you.

**Hon. Mr. Brunelle:** We are looking into that, to try to ensure that in the future there will be more co-ordination between the two ministries—not only between the two ministries but also among the other ministries. For instance, I am responsible for the Niagara Escarpment Planning and Development Act, 1963. I believe sections 23, 24 and 25 refer to development control and are the direct responsibility of the Minister of Housing.

**Mr. Swart:** That is correct. But this, of course, was not development control the second time. There was amendment number three.

**Hon. Mr. Brunelle:** There are two acts. There is this act, and I believe that amendment comes under—you can correct me—the Planning Act, which comes under the Ministry of Housing.

**Mr. Swart:** In a matter of this magnitude—we have already heard that it can set a precedent, and they have had no other matter of this magnitude to deal with—when they say these kinds of things should not be dealt with until after the plan has been prepared, surely the Minister of Housing should have consulted with you on this matter.

**Hon. Mr. Brunelle:** I think the member has a good point, and we agree. We have already written to the Ministry of Housing to see if we can't find some mechanism whereby there should be more co-ordination in these matters.

**Mr. Sargent:** What does that mean, Mr. Chairman?

**Hon. Mr. Brunelle:** The example is what Mr. Swart has raised on the question of Epping Common.

**Mr. Sargent:** Mr. Minister, going back over the years, there has been development whereby we have a new road, a \$3-million road put in there, a liquor licence put in against the wishes of people and the whole development was paid for by Labatt's. That was a government decision in that area, in that valley. Now we want development there by the people, and the funding is all set up. All the people want there is a totally local development.

Who are you or that man there to say that people can't have what they want in their area when you are going into the Craighurst skiing area with widespread development because it is Tory people developing it? It is rotten with Tories over there. That is what's going on. You are giving a blank cheque over there. Here we have local people who want to get this development for the economy, and you are sitting there as the minister and saying you control the ministry. Do you control the ministry?

Let me give you one case in point. I brought down eight or 10 fishermen from my area one time to present a package, and they made you a good presentation. I was there. I was the elected member, and you are the minister, and you said to me: "That is a good deal. We will do it." The deputy minister said: "No, Mr. Minister, we are not going to do that. We are not going to do that at all." He said you couldn't do it. I said, "What the hell goes on here?" The deputy minister said, "You can't," and it didn't go through. The deputy minister told you what to do. Who in hell is running your department, you or that guy there?

**Hon. Mr. Brunelle:** Mr. Chairman, I do not think we should be dealing with fishing. We are dealing strictly with this matter, and this comes under the Planning Act. The matter has been referred by the Minister of Housing to the Ontario Municipal Board and, as the honourable member knows, the Ontario Municipal Board is a very impartial, very objective and very competent body. I am sure they will hear the views of the various groups that will appear before

them. It comes strictly under the Planning Act.

**Mr. Sargent:** Did Talisman come under the Planning Act? Was the multimillion-dollar Labatt development at Talisman under the Planning Act? Did the OMB stop that? Come on; don't try to con me on that stuff. A \$3-million road, a liquor licence issued against the law, and the whole thing went through. Where was the OMB then?

**Mr. J. Johnson:** Mr. Chairman, on a point of order: Since eight o'clock there hasn't been a government member who has had the opportunity to speak. It is now 10:05 p.m. Since we adjourn at 10:30, do you not think, in fairness, that a government member should have an opportunity to take at least 10 or 15 minutes?

**Mr. Swart:** Mr. Chairman, I will be glad—

**Mr. Chairman:** The majority rules; you found that out tonight, Mr. Johnson.

**Mr. Swart:** I will be glad to finish by 10:15, but I would point out that since I started I have not occupied more than half the time.

**Mr. J. Reed:** Mr. Chairman, I would like to speak to that point of order, too, because, in fairness, the honourable member has had the floor for about 25 minutes. There are less than 25 minutes left, and there are two people left on the list. I don't expect to occupy more than six or seven minutes of this committee's time, but I believe I should be allowed to have some consideration. I realize it takes longer for the NDP to get their thoughts out—I am perfectly prepared to concede that—but I think I should be allowed a few words.

**Mr. Chairman:** Never mind the compliments from one side to the other. Mr. Swart, in fairness, I would ask you to be brief, to give others a chance.

**Hon. Mr. Brunelle:** Can I have a brief comment? I just say to Mr. Sargent that the Talisman resort came under the Planning Act, and the decision was made before the commission was established. It was many years ago.

**Mr. Sargent:** I agree. But it is all the same ball game. You are screwing up our whole area there.

**Mr. Swart:** Mr. Minister, have you provided any input or been consulted any time on the Epping Common development by the Minister of Housing?

**Hon. Mr. Brunelle:** No.

**Mr. Swart:** You have not provided any input whatsoever into it?

**Hon. Mr. Brunelle:** No.

**Mr. Swart:** Were you aware of it at the time?

**Hon. Mr. Brunelle:** No.

**Mr. Swart:** You were never even made aware of this matter?

**Hon. Mr. Brunelle:** No. As I said earlier, though, we are taking steps to make sure that in the future there is more and better co-ordination between ministries on these matters.

**Mr. Swart:** Were you aware of a study being done by the Ministry of Industry and Tourism in the Beaver Valley area, apart from the one for the planning?

**Hon. Mr. Brunelle:** Yes.

**Mr. Swart:** Are you aware that the study directly contravenes all the principles of preservation of the Niagara Escarpment as a development promotion study?

**Hon. Mr. Brunelle:** I was aware that there was a study under way, but there was never any presentation made to our cabinet committee. I am aware of the tourism value of that area.

**Mr. Swart:** I must come back then, Mr. Minister, to the tremendous gap that must exist in your government on a matter over which you have prime authority if a study can be made by the Ministry of Industry and Tourism and a presentation made to the Niagara Escarpment Commission, I believe I am right in saying, from which they quoted, even though it was not government policy—and I understand they didn't even state that there—if a presentation can be made to the Niagara Escarpment Commission on that and yet it was never discussed with you.

**Hon. Mr. Brunelle:** In all fairness, there are all sorts of studies made by the Ministry of Industry and Tourism. Unless there is something that specifically relates to our secretariat in our policy field, we would not be aware of it.

**Mr. Swart:** Surely this relates to the Niagara Escarpment.

**Hon. Mr. Brunelle:** I have heard of the tourist value of the Beaver Valley area, but at no time has that study or any correspondence been sent to me.

**Mr. Swart:** I just can't think of any greater condemnation of your government than where the Minister of Industry and Tourism is doing a study for promotion of development in an area where we have a government act which states it is going to be preserved basically in its natural state. I am not blaming you for this, except you are a member of the

government. I think it is a pretty horrible condemnation. It certainly puts the public in that area in great confusion, as you would admit, if the Ministry of Industry and Tourism comes in promoting something and, on the other hand, there is the Niagara Escarpment Plan which says they are going to preserve it.

**Hon. Mr. Brunelle:** As I said, I am not familiar with the study, but are they not looking at the whole region, which includes much of the area outside of the development area that the plan covers?

**Mr. Swart:** It is the Beaver Valley, and the majority of it is in the escarpment area. I am now prepared to relinquish my time to whoever is next in line.

10:10 p.m.

**Mr. J. Johnson:** Mr. Chairman, I would like to ask Mr. McMullin a question. The problem we seem to have is that certain lands in the escarpment have been designated for preservation. To preserve them, you have to have money to pick them up if the owners want to do something with them other than preserve them for posterity. If they do want to sell the land, do you have funds available to purchase lands?

**Mr. McMullin:** Last year, \$1 million was made available, I think, subject to selling some of the lands along the escarpment that were purchased during the regular years. We have found now that some of it is not needed in the plan and will be sold. I think some of those lands now have been sold. We have bought very little.

The commission has no authority to hold money or buy land. It is done through the Ministry of Natural Resources and, I guess, through the Ministry of Government Services. That was last year. This year another \$1 million was made available. I believe it was passed through Management Board.

There is a little bit of a problem there. The commission recommended at this time about seven or eight properties that should be dealt with soon; some of them are hardship cases. We have been discussing this with the Ministry of Natural Resources for six or seven months. We have not really resolved very much of it as yet. I am not criticizing the Ministry of Natural Resources, but I believe there should be a similar committee set up to handle this matter to expedite these properties, similar to what was done on the parkway belt.

It gets to the point where the Ministry of Natural Resources is looking to complete the parkland projects, which I think we must respect, but it really does not solve the com-

mission's problems with the people in this plan who have been asking us to do something about it for some time. I think that could be improved on by a meeting with Mr. Brunelle's ministry and Mr. Auld and any other minister to come into it. I think it could be improved on; let us put it that way.

There has been money made available, but we have really not spent very much of it at this point. There have been a couple of properties dealt with, but there are about seven or eight which I think would solve most of the serious problems we have heard about.

**Mr. J. Johnson:** I would suggest that the minister advise cabinet that money should be made available. If they want to enforce Bill 127 and preserve the escarpment, I think they should put money up front. I personally believe that, if we want to preserve this land, we have no right taking this property away from the owners without compensation. That, to me, is confiscation and I cannot accept that.

**Hon. Mr. Brunelle:** Mr. Chairman, I would like to mention to the member and others that \$1 million is available from the Ministry of Natural Resources for the purchase of land.

**Mr. J. Johnson:** The sooner we start moving in that direction, the fewer problems we will have, and I certainly support the chairman of the Niagara Escarpment Commission on the speedy expediting of this program.

I would like to ask Mr. McMullin if he has had many problems with the local municipalities regarding the Niagara Escarpment Commission—problems relating to your proposals, or your policies pertaining to theirs?

**Mr. McMullin:** During the preliminary stages, yes, we had a great many objections from local councils. Those proposals were not very acceptable. But one thing it did serve: it brought the people out from the local councils to tell us what they thought about it and how it should be done. I, Gerry and our staff held 155 meetings with local councils and discussed the proposals with them. They came right out and told us how they felt it should be done. We met with all the counties and regions—some of them several times. They have all now submitted briefs to the commission on how they feel it should be done. I am very pleased to say that most of these briefs are probably 80 per cent in favour of what we are doing.



**Mr. Sargent:** Oh, come on. What a dreamer!

**Mr. McMullin:** They are also suggesting—

**Mr. J. Johnson:** There must be an awful lot of naturalists' groups.

**Mr. McMullin:** We have copies of them, if you want to see them. We have had some very good reports from these people, very responsible reports. We have had hearings with all the municipalities in Hamilton-Wentworth, and all the municipalities in Bruce and Grey counties have made representations to the commission at the hearings up there and we have been very pleased with the attitude of their councils.

Sure, they are asking for changes. That is the process we are in at this time; we are hearing what they want. I do not think any plan in the province has ever heard as many people and had as much input from the public and from local councils. We have listened to them to every extent possible and still accommodate what is in the act.

If the act needs amending, then that is up to the powers that be. But we have had very good response both from the public and the municipalities. The hearings are at about the halfway point, and I am personally pleased with what has taken place.

**Mr. J. Johnson:** When you say halfway, how much longer will they take?

**Mr. McMullin:** The hearing officer has set up what they called phase one, which was to give time to people to come in and comment on how they felt about the entire plan, the whole complexity of it. Then they set up what were called phase two hearings, which will be for individuals to come in and speak about their own piece of land. Those phase two hearings should start in February, I believe; they are coming to Peel county in February. I think probably from there they will go to St. Catharines. I cannot predict what time that will take. I have no idea; it is very hard to judge.

The phase one hearings will be completed, I hope, by Thursday of this week. The lawyers then wish to sum up; I believe there are five lawyers who have asked to sum up. I will take an educated guess that finishing phase one might take two weeks in January. They will then move into the phase two hearings of the plan.

We have finished phase two in Hamilton and the town of Ancaster. We were there from April to early July, and the municipalities and the regions, both from Niagara and Hamilton-Wentworth, came to make their presentations. The phase one hearings are

about finished in Owen Sound now. Phase two will start in February.

**Mr. McKessock:** What is your guesstimate of when the hearing officer will report to the minister?

**Mr. McMullin:** I do not care to guess on the length of time the hearings might take. It is very difficult because people say they want 15 minutes and take two hours, while others say they want two hours and they do it in 15 minutes. It is very difficult for the secretary to guess what time it will take. I think by spring we could give you a better estimate of how long it is going to take.

The hearing officers are all OMB people, and they are giving everybody every opportunity to be heard. I have listened to a great deal of it; a great deal of it has been very repetitious.

10:20 p.m.

**Mr. McKessock:** Epping Common may be broke by then.

**Mr. McMullin:** That is our opinion of Epping Common, Mr. McKessock. The commission has discussed it many times with the local members up there. I might also say the local official plan does not allow that development to take place.

**Mr. McKessock:** That is why they are amending it.

**Mr. McMullin:** That is right. There is some doubt in my mind about the legality of that. That is where we are at. That is the best answer I can give you.

**Mr. J. Johnson:** Mr. Chairman, I think one of the problems we have is lack of communication. Mr. McMullin states that the majority of the councils are in support of the plan as presented. I am sure some of the people in our audience tonight who represent the northern ratepayers' association would not agree with that. They seem to be opposed to it. Some of the members feel that is not correct. There seems to be some misunderstanding about it.

I am not sure how we are going to resolve it but I do know this lengthy delay, the time it has taken to date to implement the plan, has created a lot of problems with the land owners. They have property they cannot do much with. It has been tied up for about seven years now, with the possibility of it being that way for another two or three years. Personally, I feel there is something missing. It is tied into such a tight web that, surely, there is something they can do with this property in the meantime except sit there and wait.

**Mr. McMullin:** I have to repeat, if you read the act, the development control system was set up as an interim measure to deal with development until the plan was finished. I hate to guess again the number of development permits we have dealt with; I believe around 6,000 have been approved. Many of them are subdivisions, highrise apartments, town houses, single developments, commercial developments. We have dealt with a great many of them. I think the commission has been generous in its dealings with development.

There are plans of subdivision that have been held up. There are not many, but there are some. They have the due process of being processed by the Minister of Housing. The Minister of Housing is not doing anything wrong by looking at a subdivision, because he has the authority under that act to deal with plans of subdivision. We only comment on those. We comment in favour or against or say, "Change this; change that." We have commented on many of them. Our books are open to anyone at any time who wishes to have a look at what we have done. The records are there. Everything is wide open.

**Mr. Sargent:** But you are selling a bad bill of goods. I know you are trying.

**Mr. J. Johnson:** I am concerned with individual property owners who have lived in the area for years. They are not looking for development. They are looking for something they can do with their own properties. For example, if someone wants to sell to the government and the commission feels it is imperative to preserve the Niagara Escarpment, I think it should go ahead and purchase it or make some arrangement to see that people are compensated for their losses. If there is a delay in cabinet, Mr. Brunelle, I hope you will convey the message to the cabinet that it should speed up the process.

**Hon. Mr. Brunelle:** Quite true; I entirely agree. Only recently, this \$1 million has been approved for land purchases.

**Mr. Sargent:** It is important you qualify that amount right now. You are talking about \$6 billion to buy this whole package. You said \$1 million.

**Hon. Mr. Brunelle:** That is for this year, Mr. Sargent.

**Mr. J. Reed:** Mr. Chairman, I only ask for five minutes. I guess that is all I am going to get.

It happens that the Niagara Escarpment runs kitty-corner from the southwestern

corner of the riding I am proud to represent to the northeastern corner. I have some rather strong feelings about some of the changes I have seen take place since the inception of the Niagara Escarpment Commission.

I would like to state, first of all, what we are witnessing tonight is a classic battle over one's opinion of rights when one owns land, because the right to own property is something inherent in our civilization. It is one of the stakes we have in our society.

One of the big debates we have learned to introduce into the ownership question has been the debate over what is the responsibility connected with owning land. Is ownership a right, pure and simple, or is it a stewardship? Frankly, I have to say I come down on the side of stewardship, although I am a landowner myself and I recognize certain rights must be preserved in the area of land ownership. I only ask those who enter this debate to look at what bad stewardship has done to land in history.

If we look back into history we see the denuding of a large portion of North Africa because of bad land management by people who in that age did not know any better. We see the real energy shortage in the world. There is the shortage of wood in most parts of the world. We think we have an oil shortage. We have seen nothing compared to what is being experienced in large parts of the world through bad stewardship.

We see depleted oil reserves in southwestern Ontario because oil was pumped out of the ground at a bad rate. We know better now. We know we could have extracted two or three times the oil from those reserves in southwestern Ontario.

We now are feeling the impact of acid rain. That is another consequence of bad stewardship.

I can understand that the best intentions of the commission and of those who own land on the Niagara Escarpment are to be good stewards of their land. But one of the places where all these good intentions have fallen short is in the application or interpretation of what it means to be a good steward. It is particularly evident in my riding.

Are we good stewards of our land when we approve wholesale extractive areas for gravel on the escarpment, on this land we choose and desire to preserve, or when we authorize the establishment of wayside pits which seem to renew and repeat themselves time and time again around a square block?

Then we look at the possibility of making some adjustment to the plan for development in this area.

I ask the people who make the decisions to weigh those elements of stewardship in the balance. What constitutes good stewardship and what does not? It seems to me, if the commission can have any effect and can serve its purpose well, it is to be a monitor of good stewardship and to encourage the best kind of stewardship in the escarpment.

It may not be good stewardship simply to say, "preservation at all costs," and we should not make any changes or adjustments to what happens in the escarpment. That may be just as bad an example of stewardship, especially at a time, as has been pointed out by my colleague, when we are increasingly concerned about the amount of prime agricultural land left in this country. Certainly it is necessary to preserve recreational areas. We recognize we are in proximity to a large metropolitan area.

10:30 p.m.

Perhaps one of the elements of good stewardship ultimately will be to look at this kind of development in that light, in a new light. I do not know. I have not seen the plan. I do not know what the plan says. I don't know how it relates to my friend's concern about the Cantrakon issue which went on before. It may be the same set of problems, or it may not. I don't think it is, because this one has been referred to the Ontario Municipal Board.

**Mr. J. Johnson:** Cantrakon?

**Mr. J. Reed:** No. Cantrakon was not referred to the OMB through the high-handed actions of the minister; so we may agree or disagree on that. But I suggest to the escarpment commission, if you are going to do your job effectively, remember that one of your responsibilities is to exemplify that stewardship and come down on the side of it. When we are deciding whether to approve certain kinds of development or certain kinds of adjustments in the development area, we must do it with a view to how we treated some of these other areas. I am thinking particularly of my area, which has had some very serious mistakes made on it in the past.

Item 3 agreed to.

Vote 1801 agreed to.

**Mr. Chairman:** That completes the estimates of this ministry.

**Mr. Sargent:** I have one—

**Mr. Chairman:** Just a minute, Mr. Sargent. I am going to make an announcement, if you don't mind.

I invited these people here because we heard two hours of this argument yesterday at the Conservative caucus. Frankly, I realized they have a very legitimate complaint. I therefore took it upon myself as chairman to give them an opportunity to come here to hear the evidence the Niagara Escarpment Commission would give. After the members had asked questions, if one of them had held up his hand, in fairmindedness—some of you come from opposition members' districts, I knew that; but I told you I didn't know much about it, because I was 300 miles away. Tonight we have seen an exhibition of politics—

Interjection.

**Mr. Chairman:** Just a minute now. I am sorry for you; you are a fairminded man. But tonight when the vote came in to deny these people a hearing during regular hours, you had two Liberal substitutes, Mr. Reid from Rainy River, 1,000 miles away from it, and Mr. Bolan from Nipissing—in whom I am disappointed, and I don't mind telling him that—to vote with the Socialists; and I would not expect anything different from them because they have warped minds. They are always suspicious of somebody trying to pull something underhanded.

**Mr. Sargent:** On a point of order—

**Mr. Chairman:** Just a minute, Mr. Sargent.

**Mr. Sargent:** I have never heard a chairman of a committee say things like that. As chairman of the committee—

**Mr. Chairman:** We are not in committee right now. I am telling you what took place. This is finished.

**Mr. J. Reed:** Mr. Chairman, I have a question. Are we in committee?

**Mr. Chairman:** No, we are not in committee.

**Mr. J. Reed:** Is this being recorded by Hansard?

Interjection: Yes.

**Mr. J. Reed:** Then will you please instruct Hansard that this committee has adjourned?

**Mr. Chairman:** That's right.

The committee adjourned at 10:34 p.m.



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**From the Provincial Secretariat for Resources Development**  
 McMullin, J. I., Chairman









No. R-56

# Legislature of Ontario Debates

## Official Report (Hansard)

**Standing Committee on Resources Development**  
Supplementary Estimates, Ministry of Natural Resources



**Fourth Session, 31st Parliament**  
Thursday, December 11, 1980

Speaker: Honourable John E. Stokes  
Clerk: Roderick Lewis, QC

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Published by the Legislature of the Province of Ontario.

Editor of Debates: Peter Brannan.

# LEGISLATURE OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

THURSDAY, DECEMBER 11, 1980

The committee met at 8:06 p.m. in committee room No. 1.

### SUPPLEMENTARY ESTIMATES MINISTRY OF NATURAL RESOURCES

On vote 2502, land management program; item 2, forest protection; item 4, extra fire-fighting:

**Mr. Chairman:** We have a quorum. All parties are represented. First of all, we will deal with the supplementary estimates of the Ministry of Natural Resources for its land management program. The minister perhaps can explain the need for them and why they are here.

**Hon. Mr. Auld:** Mr. Chairman, when we were doing the main estimates and we did one set of supplementaries, I think I indicated that was a partial and up-to-date estimate of the supplementaries necessary as of August 31 and the bills that had been received up until some time before that.

The supplementaries before the committee tonight for the two items in vote 2502 are the latest figures and are probably not quite the final ones, because there are one or two accounts that might come in; interestingly enough, they are government accounts. We have no charge from the government of Canada for either of the aircraft that were used for the evacuation at Red Lake or for the four helicopters that were available for some time. We have no invoice from Newfoundland for the Canso they so kindly provided, and there may be some sort of an additional invoice from Alberta.

We took over from them, I think in June some time, a couple of Cansos they had on charter and I am not sure whether—the advice I have is that we took over the charter and I assume we were paying the same rates. I am not positive about that, but there may be some further minor supplementaries between now and March 31.

To the best of our knowledge at the moment, the previously approved money in the main estimates for emergency firefighting of \$12 million, plus the supplementary estimates approved at that time of \$31 million,

plus the forest protection estimates of \$17,696,000, plus these two items tonight are virtually the total cost.

**Mr. Chairman:** In other words, a bad fire year is very expensive.

**Hon. Mr. Auld:** That is putting it very succinctly.

**Mr. Chairman:** Any discussion on these estimates? Mr. Riddell?

**Mr. Riddell:** Not from my standpoint, Mr. Chairman.

**Mr. Lupusella:** If I may, Mr. Chairman, I didn't understand the minister. Why do you need this money? Are you taking into consideration events that might arise from now on, or is this money based on expenses your ministry has faced in this fiscal year?

**Hon. Mr. Auld:** To date. Your question is an interesting one because in 1977, it seems to me, we had a little fire outbreak around Kenora in January. What was lurking underground melted out, but that did not involve a major expenditure.

The answer to your question is that we don't anticipate any significant expenditures other than the invoices from the matters I mentioned. We have not, I should say, received invoices from the government of Canada previously for armed forces aircraft. Some years we have received invoices from other provinces when we have borrowed equipment from them; in some cases we haven't.

**Mr. Lupusella:** You mentioned aircraft. Are those private or belonging to the federal government?

**Hon. Mr. Auld:** I think we have received all the invoices we are likely to have from private ones. The ones I was mentioning are from the government of Canada, the armed forces, the government of Newfoundland, and possibly some adjustment in charges from Cansos that we took over—private Cansos previously chartered to the government of Alberta, which they released when their problem was reduced and we took over.

**Mr. Lupusella:** Do you have the total cost of those private charters?



**Hon. Mr. Auld:** I believe we do, and it will be shown in the public accounts next year. One of the items in these estimates is the lease of a number of aircraft on a stand-by basis, normally from May 15 until September 15. Some of these charters we required earlier, and we had to hire them at a different rate prior to the time we had contracted for, but that is included in these estimates.

**Mr. Wildman:** Mr. Chairman, can the minister explain the difference between forest protection and extra firefighting? Is extra firefighting just additional expenditures over and above what are normally expected by the ministry for casual employees and that kind of thing?

**Hon. Mr. Auld:** There are two parts. The basic forest protection includes the crews we train and hire and have standing by for the summer during the fire season. The extra firefighting includes the additional people we hire, some trained and some whom we train,

and the overtime for the permanent staff, of whom we had a great many this year.

**Mr. Wildman:** This didn't cover any of those baseball caps with Kenora 46 on the front?

**Hon. Mr. Auld:** It might have covered the caps but not what was stuck on them. As a matter of fact, it wouldn't be a bad thing if we had something in here for badges for all the people who took part.

Vote 2502 agreed to.

**Hon. Mr. Auld:** Mr. Chairman and members of the committee, I spoke with such confidence because Leigh Bailey, who is manager of the program planning and budget part of our budget and program analysis branch, is with me and didn't shake his head once when I answered. So I think I was right.

**Mr. Bailey:** You did very well.

The committee moved to other business at 8:15 p.m.

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**From the Ministry of Natural Resources:**

Bailey, L., Manager, Program Planning and Budget, Budget and Program Analysis Branch











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